

SB2966 SD1

Measure Title: RELATING TO RENEWABLE ENERGY.

Report Title: Net Energy Metering; Renewable Energy

Description: Increases maximum allowable customer-generator capacity for net energy metering systems to two megawatts if the generating facility is sited on property owned or controlled by the State of Hawaii. Increases maximum allowable customer-generator capacity for net energy metering systems to one megawatt for all other systems. Takes effect on 7/1/2050. (SD1)

Companion:

Package: None

Current Referral: ENE, CPN

Introducer(s): TSUTSUI, ENGLISH, Baker, Espero, Fukunaga, Ige, Ihara, Kahele, Kim, Tokuda

<u>Sort by Date</u>		Status Text
1/25/2012	S	Introduced.
1/25/2012	S	Passed First Reading.
1/27/2012	S	Referred to ENE, CPN.
1/27/2012	S	The committee(s) on ENE has scheduled a public hearing on 01-31-12 2:45PM in conference room 225.
1/31/2012	S	The committee(s) on ENE recommend(s) that the measure be PASSED, WITH AMENDMENTS. The votes in ENE were as follows: 3 Aye(s): Senator(s) Gabbard, Green, Ihara; Aye(s) with reservations: none ; 0 No(es): none; and 2 Excused: Senator(s) English, Slom.
2/6/2012	S	Reported from ENE (Stand. Com. Rep. No. 2018) with recommendation of passage on Second Reading, as amended (SD 1) and referral to CPN.
2/6/2012	S	Report adopted; Passed Second Reading, as amended (SD 1) and referred to CPN.
2/21/2012	S	The committee(s) on CPN will hold a public decision making on 02-28-12 10:00AM in conference room 229.



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

TUESDAY, FEBRUARY 28, 2012
10:00 A.M.

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

SENATE BILL NO. 2966, S.D. 1 - RELATING TO RENEWABLE ENERGY

DESCRIPTION:

This measure proposes to increase the allowable maximum customer-generator capacity for net metered systems to two megawatts if the generating facility is sited on property owned or controlled by the State of Hawaii, and increases capacity to one megawatt for all other systems.

POSITION:

The Division of Consumer Advocacy ("Consumer Advocate") supports the intent of this bill to promote net metering and offers comments for consideration.

Senate Bill No. 2966, S.D. 1
Senate Committee on Commerce and Consumer Protection
Tuesday, February 28, 2012, 10:00 a.m.
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COMMENTS:

The Consumer Advocate is aware of two pending docketed proceedings which seek to address issues and circumstances that may impact net metering considerations, including concerns related to the amount of subsidization to be provided by ratepayers. Docket No. 2001-0176, Intra-Governmental Wheeling of Electricity and Docket No. 2011-0206, Implementation of Reliability Standards, respectively, seek to determine numerous issues, including the impact of customer generation on the grid stability. The attempt to legislate or increase generation capacity limits outside of an investigative administrative proceeding may be premature at this time. Thus, while holding this bill in committee would be preferable, the proposal in version SD1 to set the effective date as July 1, 2050, is an acceptable option that would allow the Commission to complete its ongoing investigations in the identified dockets that might address and obviate the need for this proposed legislation.

Thank you for this opportunity to testify.

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

FEBRUARY 28, 2012

MEASURE: S.B. No. 2966, S.D. 1
TITLE: Relating to Renewable Energy

Chair Baker and Members of the Committee:

DESCRIPTION:

This measure proposes to increase the allowable maximum customer-generator capacity for net metered systems to two megawatts if the generating facility is on State of Hawaii owned or controlled property. The bill also proposes to increase the allowable maximum customer-generator capacity for net metered systems to one megawatt for all other systems.

POSITION:

The Commission appreciates the intent of this bill to reduce the State's dependence on imported oil. However, the Commission believes that this bill is premature, and we would like to offer the following comments.

COMMENTS:

A rigorous technical docketed proceeding is currently being undertaken by the Commission with the assistance of many stakeholders that is aimed at promoting maximum penetration of intermittent renewable generation in the State while also ensuring adequate electric system reliability. The Commission has formed and is currently overseeing the activities of the Reliability Standards Working Group ("RSWG"), which is tasked with determining how best to balance renewable penetration and system reliability – a principal challenge in increasing Hawaii's renewable energy usage.

While there is no doubt that there is an engineering solution to accommodate large amounts of variable generation to the grid and sustain reliability, we must address the increased costs of reliability and determine how these costs will impact the electricity ratepayer. In this endeavor we are balancing the goal of maximum penetration of renewable energy in Hawaii's electricity system with a solution that is fair to renewable energy generators, the electric utility, and the electricity ratepayer – especially the electricity ratepayer who does not have a renewable energy device on his or her home or business.

While the proposals in this bill are well intentioned, the Commission feels this measure may be counterproductive to the work being done by both the RSWG and other experts contracted by the Commission to perform related technical analysis. This measure shifts the focus away from the priorities established by the Commission with its limited resources.

Thank you for the opportunity to offer comments on this measure.

**Testimony before the
Senate Committee on

Commerce and Consumer Protection

S.B. 2966 SD1 -- Relating to Renewable Energy**

**Tuesday, February 28, 2012
10:00 am, Conference Room 229**

**By Arthur Seki
Director, Renewable Technology
Hawaiian Electric Company, Inc.**

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

My name is Arthur Seki. I am the Director of Renewable Technology for Hawaiian Electric Company. I am testifying on behalf of Hawaiian Electric Company (HECO) and its subsidiary utilities, Maui Electric Company (MECO) and Hawaii Electric Light Company (HELCO).

While we support continued growth in solar energy and have very successful photovoltaic (PV) programs, we feel this measure is premature and not necessary. Premature, since the Public Utilities Commission (PUC) has technical activities on-going in a docket to ensure adequate electric system reliability and other factors. And not necessary, since the PUC has the authority, by rule or order, to consider such program modification with full consideration of the technical, economic, and regulatory policy issues associated with net energy metering and other renewable energy development mechanism on all electric ratepayers.

There are other avenues for renewable energy projects of the proposed size to be installed on the utility grid. Tier 3 level (>500 kW and 5 MW Oahu and 2.7 MW Maui and Hawaii) of the Feed-in Tariff (FIT) was recently approved by the PUC in December 2011. This program offers a standard power purchase contract at a predetermined

price based on a fair return on investment. The FIT Tier 3 activity is summarized (as of December 31, 2011):

- Oahu -- 20 applications for 75 MW
- Hawaii -- 2 applications for 7 MW
- Maui -- 5 applications for 3 MW

In addition, another avenue is for bi-lateral renewable energy power purchase agreements. There are about 14 renewable projects, up to the size being proposed, that are signed, in negotiations, or submitted to the utility.

In summary, since the PUC has docket activities and can make modifications to the net energy metering tariff, by rule or order, and other fair avenues are available for new renewable projects, we ask that you hold this bill.

Thank you for the opportunity to testify.



Sierra Club Hawai'i Chapter

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SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

February 28, 2012, 10:00 A.M.
(Testimony is 1 page long)

TESTIMONY IN SUPPORT OF SB 2966

Aloha Chair Baker and Members of the Committee:

The Hawai'i Chapter of the Sierra Club, with 10,000 members and supporters, *supports* SB 2966. This bill fixes a flaw in the net metering program by allowing businesses to invest in supplying Hawai'i's clean energy.

This measure picks up where prior legislation left off and increases the total amount of net metered energy on the grid. Current net metering policy limits the types of systems that can come online to 100kW. This limits the program to small systems, and prevents larger companies and the state from investing effectively into providing clean power to offset the amount of oil burned.

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. It encourages smaller, more robust systems and avoids the need for large, expensive, centralized power plants

Mahalo for the opportunity to testify.

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SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

February 28, 2012, 10:00 A.M.

Room 229

(Testimony is 1 page long)

TESTIMONY IN SUPPORT OF SB 2966 SD1

Chair Baker and members of the Committee:

The Blue Planet Foundation supports SB 2966 SD1, a measure which increases the allowable system size for net metered systems to two megawatts for State facilities and one megawatt for other systems.

Net energy metering (NEM) has been an extremely effective policy tool in promoting the adoption of distributed renewable energy resources statewide, particularly solar photovoltaic (PV). In fact, NEM—in conjunction with Hawaii's renewable income tax credit—has helped to make Hawaii the second state per capita in installed PV. This measure expands this successful program to allow larger systems on Hawaii's electricity grid. Senate Bill 2966 SD1 will encourage further private investment in customer-sited clean energy systems, reducing Hawaii's dependence on fossil fuel and moving toward energy independence.

Senate Bill 2966 SD1 expands the size limits for net metered renewable energy projects. The docket which established Hawaii's feed-in program examined many of the issues that prevented larger system sizes previously. Remaining barriers to increased renewable energy penetration on the grid are being addressed through the reliability standards docket and other approaches. This measure will force a more proactive approach developing a modern power grid that Hawaii requires to meet its aggressive clean energy goals.

Senate Bill 2966 SD1 will help enable residents and businesses statewide to turn their rooftops into power plants. The potential benefit of this measure to potential 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.

Thank you for the opportunity to testify.

Jeff Mikulina, executive director • jeff@blueplanetfoundation.org

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Testimony for CPN 2/28/2012 10:00:00 AM SB2966 .

Conference room: 229
Testifier position: Support
Testifier will be present: No
Submitted by: James McCay
Organization: Individual
E-mail: jmccay@hotmail.com
Submitted on: 2/27/2012

Comments:

This bill must be SUPPORTED to help achieve the Hawai'i Clean Energy Initiative!

Keep up the great work!

Aloha,

James

Testimony for CPN 2/28/2012 10:00:00 AM SB2966

Conference room: 229

Testifier position: Support

Testifier will be present: No

Submitted by: Brenda Kosky

Organization: Individual

E-mail: Brenda.Kosky@gmail.com

Submitted on: 2/27/2012

Comments:

Strongly agree!