SB 2966

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TO THE SENATE COMMITTEE ON ENERGY AND ENVIRONMENT

THE TWENTY-SIXTH LEGISLATURE
REGULAR SESSION OF 2012

TUESDAY, JANUARY 31, 2012
2:45 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. 2966 - 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.

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.

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 ENERGY & ENVIRONMENT
JANUARY 31, 2012

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

Chair Gabbard 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. To ensure the accommodation of maximum penetration of intermittent renewable generation, the Commission is currently undergoing a rigorous technical docketed proceeding with many stakeholders to ensure adequate electric system reliability.

COMMENTS:

In the feed-in tariff ("FIT") docket, the Commission ordered the development of reliability standards for Hawaii's electric utilities through the formation of a Reliability Standards Working Group ("RSWG"). In September 2011, the Commission separated the RSWG from the FIT docket in Docket No. 2011-0206, as the issue of system reliability and transparent standards for interconnection to the electrical grid is much broader than a FIT program.

Since that time, the docketed parties have developed a purpose and scope of work, attended numerous technical sessions to better understand Hawaii's electric utility operations, and are now working in several subgroups to assist the Commission in determining how to interconnect the maximum amount of renewable generation to the grid, while simultaneously preserving electric grid reliability. 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, it 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 testify on this measure.

Hawaii Solar Energy Association
Serving Hawaii Since 1977

January 31, 2012
2:45 PM

SENATE
COMMITTEE ON ENERGY & ENVIRONMENT
SB 2966

Mark Duda
President

TESTIMONY IN STRONG SUPPORT

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

Net Energy Metering (NEM) is a critical component of Hawaii's renewable energy policy framework. SB2966 fixes a flaw in the NEM program that limits its effectiveness and the impact that NEM can make on the competitiveness of Hawaii's businesses. As discussed below, this flaw also limits the benefits that NEM can have in managing the State's own energy costs.

Current NEM policy harms Hawaii's businesses and limits the State's ability to save money because NEM systems are limited to 100 kW. At current energy prices, this is roughly the equivalent of a monthly power bill between $4,000 and $5,000, depending on the location of the building. Many businesses have much higher power bills than this yet are restricted to 100 kW PV systems. In effect, the law limits these businesses to offsetting only a portion - often a modest portion - of their electric bill with their purchase of a renewable energy system. In virtually every single case where the electrical load exceeds that which can be met by a 100 kW system, utility customers buying solar systems would prefer to build NEM systems larger than 100 kW and offset as much of their load energy usage as possible. In doing so, they not only make themselves more competitive but also advance the State's energy goals.

SB2966 would also advance the State's own ability to manage operating costs with renewable energy. This is because many state facilities, such as the public schools, offer tremendous potential as renewable energy development sites – they have flat roofs with little shading, are not clustered on highly loaded circuits – yet they are essentially wasted because of the 100 kW NEM restrictions. At a minimum, the State should allow itself to offset its entire electrical load through net metering at its facilities so that it can

In summary, SB 2966 represents a tremendous advance in Hawaii's NEM policy that would help both the State itself and its businesses to better manage their costs in a world of highly unstable energy prices.

Thank you for the opportunity to testify on this measure.

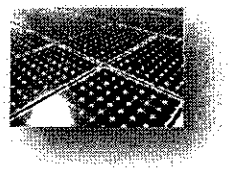
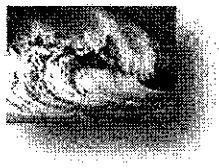
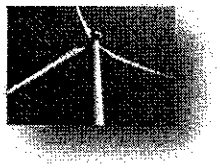
Mark Duda

President, Hawaii Solar Energy Association

About Hawaii Solar Energy Association

Hawaii Solar Energy Association (HSEA) is comprised of installers, distributors, manufacturers and financers 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.

blue planet FOUNDATION

SENATE COMMITTEE ON ENERGY AND ENVIRONMENT
January 31, 2012, 2:45 P.M.
Room 225
(Testimony is 1 page long)

TESTIMONY IN SUPPORT OF SB 2966

Chair Gabbard and members of the Committee:

The Blue Planet Foundation supports SB 2966, 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 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 expands the size limits for net metered renewable energy projects. The docket which established Hawaii's feed-in program examined many of the issues the 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 Hawai'i requires to meet its aggressive clean energy goals.

Senate Bill 2966 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
55 Merchant Street 17th Floor • Honolulu, Hawai'i 96813 • 808-954-6142 • blueplanetfoundation.org

Testimony before the Senate Committee on

Energy and Environment

S.B. 2966 -- Relating to Renewable Energy

Tuesday, January 31, 2012
2:45 pm, Conference Room 225

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

Chair Gabbard, Vice-Chair English 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).

We do not support S.B. 2966, which seeks to legislate the size of projects eligible for net energy metering to 2 MW. While we support the continued addition of renewable energy projects in Hawaii, including via net energy metering, mandating such program requirements without full consideration of the technical and economic impacts on all electric ratepayers is not appropriate. The Public Utilities Commission has the authority to consider such program modifications and has done so in a deliberate but aggressive manner, as evidenced by their most recent decision and order to remove the net energy metering system-wide caps.

We have previously testified in support of net energy metering (NEM) bills that resulted in:

- Act 272, 2001--led to the state's first NEM law;
- Act 99, 2004--increased the cap from 10 kW to 50 kW
- Act 69, 2005—allowed PUC review; and

- Act 104, 2005--allowed the PUC to increase the qualifying system size or enrollment limit by rule or order.

The PUC made multiple modifications to the NEM tariff on its own authority when it approved changes to NEM in 2008 (Docket No. 2006-0084):

- Increased the maximum size of the eligible customer-generator that can qualify for a NEM agreement from 50 kW to 100 kW;
- Increased the total rated generating capacity produced by eligible customer-generators from 0.5% to 1.0% of the utility's system peak demand;
- Reserved 40%, 50%, and 50% of the total rated generating capacity produced by eligible customer-generators for HECO, HELCO, and MECO, respectively, for residential and smaller commercial NEM customers (system sizes of 10 kW or less);
- Utilized the Integrated Resource Planning (IRP) process to evaluate impact to the utilities' systems and determine further adjustments to the NEM system size and cap limits (limits are re-examined on an annual basis).

With the tremendous growth in NEM activity which was approaching the system cap, the PUC also approved:

- Increasing the total rated generating capacity produced by eligible customer-generators from 1.0% to 3.0% of the utility's system peak demand for HELCO and MECO;
- Updating the percentage to 40%, and 40% of the total rated generating capacity produced by eligible customer-generators for HELCO, and MECO, respectively, for residential and smaller commercial NEM customers (system sizes of 10 kW or less).

And as I said earlier, recently the PUC removed NEM system-wide caps.

We strongly support the continued role of the PUC and the regulatory review process to examine these program design details. This is especially important given the complexity of the technical, cost, and regulatory policy issues associated with net metering and other renewable energy development mechanisms administered by the PUC.

Since the PUC can make modifications to the NEM tariff, by rule or order, and has done so in recent dockets or proceedings, we ask that you hold this bill.

Thank you for the opportunity to testify.