

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

MARCH 19, 2012

**MEASURE:** S.B. No. 2981, S.D. 2, H.D. 1  
**TITLE:** Relating to Renewable Energy

Chair Herkes and Members of the Committee:

**DESCRIPTION:**

This measure allows the Commission to direct electric utilities to include particular scenarios and resource options as part of each utility's integrated resource planning ("IRP"). Specific scenarios include 1) the replacement of fossil fuel-based electricity generation plants with electricity from firm renewable energy generation, and 2) the development of excess electricity to be transmitted via an interisland electric transmission cable or other means. Potential resource options include 1) hydrogen and other energy storage, and 2) electricity from waste-to-energy facilities. In addition, the Commission is authorized to develop a framework to replace oil-based power generation facilities with indigenous renewable power generation facilities. The Commission is directed to examine issues including its avoided cost calculation methodology, the minimization of curtailment, and grid modernization. Finally, this bill requires reports by the Commission on its progress in carrying out this measure.

**POSITION:**

The Commission supports the intent of this measure, but a resolution may be a more appropriate vehicle for the Legislature to communicate its preference for the development of certain IRP scenarios/resource options and its desire to have specific strategies examined. The following comments are offered for the Committee's consideration.

**COMMENTS:**

The Commission commenced the consolidated IRP process for Hawaiian Electric Company, Inc., Maui Electric Company, Ltd., and Hawaii Electric Light Company through an order issued March 1, 2012. IRP is an in-depth review of a utility's resource plans over a forward-looking twenty year time horizon. The revised IRP framework, which was approved by the Commission in March 2011 ("Revised IRP"), calls for the development of scenarios as part of the planning process. The use of scenario planning allows an electric utility to be adaptable and resilient to circumstances beyond the utility's control. For example, if there is a major technological breakthrough regarding the depths that could be reached in laying an electric transmission cable between Maui and Hawaii Island, the development of geothermal energy could be accelerated to meet the needs of a major load center like Honolulu. Scenario planning will, therefore, examine several of the State's most significant and probable energy futures, enhancing electric utilities' ability to respond to major technological advancements or other events. Unlike previous IRPs, the Revised IRP process will have the Commission select the members of the Advisory Group and retain the Independent Entity – the person or entity selected by the Commission to provide unbiased oversight to ensure compliance with the Revised IRP framework.

The electric utilities and the Commission, with the participation of the Advisory Group and with technical resources and assistance, will be in a better position to ascertain the issues raised in this measure as a result of going through the IRP process, but not prior to it.

Given that the IRP process has just commenced and the Advisory Group has yet to be selected, the Commission believes a resolution can convey the Legislature's desire to examine specific strategies to the utilities and Advisory Group. The Commission would welcome the opportunity to assist the Committee in addressing the issues raised in this bill through a resolution.

Finally, the Commission notes that the methodology in calculating avoided cost is a very important issue, especially in reexamining power purchase contracts based on avoided cost where the parties have not been able to or are reluctant to renegotiate these types of contracts. The Commission is considering closer scrutiny or an investigation of the methodology used to calculate avoided cost. Again, the Legislature's desire for the

S.B. No. 2981, S.D. 2, H.D. 1  
Page 3

Commission to conduct a study or investigation of this issue may be better conveyed in the form of a resolution, rather than in statute.

Thank you for the opportunity to testify on this measure.



# Sierra Club Hawai'i Chapter

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## HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE HOUSE COMMITTEE ON JUDICIARY

March 19, 2012, 2:00 P.M.  
(Testimony is 1 page long)

### TESTIMONY IN SUPPORT OF THE INTENT OF SB 2981 (SD2, HD1) WITH PROPOSED AMENDMENTS

Aloha Chair Herkes, Chair Keith-Agaran, and Committee Members -

The Sierra Club, Hawai'i Chapter, with over 10,000 members and supporters, *supports* the intent of SB 2981 (SD2). This measure would require electric utilities to emphasize specific renewable energy forms of energy when crafting an integrated resource plan.

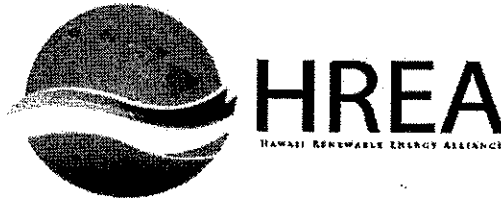
A concern with this bill is that it specifies winners and losers in the renewable energy field. By specifically naming certain types of "renewable" energy, like waste-to-energy, this bill could limit consideration of other, and perhaps better, renewable energy forms. Even though the measure now uses the operative term of "may," the fact that certain technologies are expressly listed may limit the discussion to just those technologies. In such an evolving field, it may be wiser to leave the specifics of the types of renewable energy up to the PUC.

#### *Proposed Amendment:*

Section 2 should simply state:

The public utilities commission shall direct public utilities that provide electricity to the public to include in their integrated resource plans the replacement of firm power fossil fuel-based electricity generation facilities with indigenous firm power facilities that use renewable sources to generate electricity.

Thank you for the opportunity to testify.



**Directors**

Jody Allione  
AES-Solar

Joe Boivin  
The Gas Company

Kelly King  
Pacific Biodiesel

Matt Stone  
Sopogy

Warren S. Bollmeier II  
WSB-Hawaii

TESTIMONY OF WARREN BOLLMEIER ON BEHALF OF THE  
HAWAII RENEWABLE ENERGY ALLIANCE BEFORE THE  
HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE  
SB 2981 SD2 HD1, RELATING TO RENEWABLE ENERGY

March 19, 2012

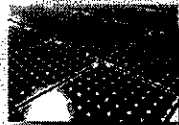
Chair Herkes, Vice-Chair Yamane and members of the Committee I am Warren Bollmeier, testifying on behalf of the Hawaii Renewable Energy Alliance (HREA). HREA is an industry-based, nonprofit corporation in Hawaii established in 1995. Our mission is to support, through education and advocacy, the use of 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 purposes of HB 2981 SD2 HD1 are to: (i) allow the public utilities commission to direct electric utilities to include specific scenarios and resource options as part of their integrated resource plans, (ii) develop a framework to replace oil-based power generation facilities, and (iii) examine certain policies related to the distribution of renewable energy.

HREA **strongly supports** this measure as it supports the state's overall clean energy objectives, and we offer the following comments in support:

- 1) IRP: Early Years. HREA and its members have worked with the utility on their IRPs since the early 90s to increase the utility's use of renewables. While there as recognition of existing sugar plantation projects plantations, PGV geothermal, Wailuku River Hydro, and the early windfarms (Lalamilo Wells, Kahua Ranch, and Kamo'a on the Big Island), the initial IRPs didn't include plans for new renewables
- 2) A Revised IRP Framework. Prior to the 2008 Energy Agreement, additional renewable projects came on line as developers were able to negotiate Power Purchase Agreements, and IRPs began to include their projects. Then, as an objective of the Energy Agreement, a new type of planning process (Clean Energy Scenario Planning) was proposed, the existing IRP process was suspended, and a docket (No. 2009-0108) was opened. Subsequently, a new IRP Framework has been adopted and the revised planning process has started. Meanwhile, for four years there was no IRP.
- 3) What Now. The measure proposes emphasis on planning for more renewables, especially firm renewables, and especially geothermal, waste-to-energy and an interisland cable system. We support consideration of each of these in the revised IRP Framework. We also would like to see emphasis placed on planning for increased on-island transmission level projects including renewables and storage, and customer-sited solutions, such as distributed generation, solar water heating and energy efficiency.

Mahalo for this opportunity to testify.



**HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE**

March 19, 2012, 2:00 P.M.

Room 325

**(Testimony is 1 page long)**

**TESTIMONY IN SUPPORT OF SB 2981 SD2 HD1**

Chair Herkes and members of the Committee:

The Blue Planet Foundation supports SB 2981 SD2 HD1, a measure which, among other changes, allows the Public Utilities Commission (PUC) to require that the electric utilities examine, within their integrated resource planning (IRP) process, the phasing out of fossil fuel powerplants and replacement of them with clean energy alternatives.

Blue Planet generally supports this added guidance to the PUC, particularly in regards to incorporating the planned retirement of fossil fuel units in the utilities' IRP. We particularly support the requirement on Page 4, lines 8 through 16, for the PUC to examine

1. Its avoided cost calculation methodology;
2. Ways to maximize the use of distributed generation, including an examination of the appropriateness of current circuit penetration threshold levels for the interconnection of distributed generation resources;
3. Ways to minimize the curtailment of renewable energy; and
4. Ways to modernize the State's electrical grid to enable the greater penetration of renewable energy resources.

Please forward this measure for further discussion.

Thank you for the opportunity to testify.

**HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE**

Rep. Robert N. Herkes, Chair  
Rep. Ryan I. Yamane, Vice Chair

**IN OPPOSITION** to SB 2981 SD2 HD1 Relating To Integrated Resource Planning  
Hearing: March 19, 2012, 2:00 p.m.

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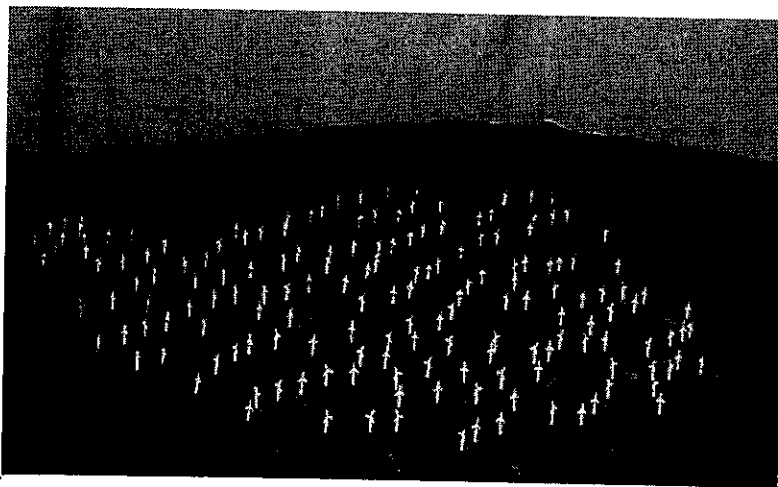
I **OPPOSE** SB2981 SD2 HD1, as unnecessary. The Public Utility Commission opened a state-wide Integrated Resource Planning Docket on March 1, 2012, and it is premature to attempt to manipulate the scope of that process before it has even begun.

This measure as drafted is essentially a non-binding resolution. However, an amendment that favors creating another "framework" to "eliminate" a market driven bidding process in favor of allowing HECO to enter into "joint ventures" with private energy providers to replace fossil-fuel facilities, is troubling. "Joint ventures" generally involve risk, and until that "risk" is assigned to some entity other than Hawaii ratepayers, it should be avoided.

SB 367/HB1176 were challenged last session as a premature attempt to facilitate an undersea cable that would take industrial-scale intermittent wind power from Lana`i and Moloka`i and send it to fill a small portion of O`ahu`s power needs; SB2785/HB2523 are being challenged this session for the same reason.

Favoring the planning of developing intermittent electricity and an undersea cable to transmit it, makes this bill simply another version of SB2785.

**LANA`I AND MOLOKA`I DO NOT WANT TO BECOME INDUSTRIAL WASTELANDS**  
**HOLD THIS BILL.**



To-scale model of turbine placement on Lana`i

Sally Kaye, Lana`i City, HI