

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

APRIL 3, 2012

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

Chair Oshiro 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 believes H.C.R. No. 58, H.D. 1, is a more appropriate vehicle for the Legislature to communicate input into the development of an electric utility's IRP in order 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, which calls for the use of a scenario planning approach. Scenario planning examines several of the State's most significant and probable energy futures, enhancing the ability of electric utilities to respond to major technological advancements or other events.

Unlike previous IRP processes, the Commission will 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. Although the Commission appreciates the guidance and discretion this bill provides, the Commission believes H.C.R. No. 58, H.D. 1, is sufficient to convey the Legislature's desire to examine specific strategies to the utilities and Advisory Group. Furthermore, previous IRP processes have included the House and Senate energy committee chairs, as well as other interested legislators, as part of the Advisory Group.

As the IRP is a process that recurs every three years, should this measure be enacted without an appropriate repeal date, it may cause future IRP processes to have to consider "stale" proposals or proposals that have been examined and already found to be without merit. Therefore, we believe a resolution is more appropriate to convey the current sentiments of the Legislature.

Should the Committee decide to move this measure forward, the Commission requests the following amendments to keep the bill's language consistent with the Commission's March 2011 Decision & Order approving the Revised IRP Framework in Docket No. 2009-0108.

1. Delete "scenarios" on page 2, line 9, and replace it with "strategies and resource options" so as to now read "...specific strategies and resource options to in each utility's..."

S.B. No. 2981, S.D. 2, H.D. 2

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2. Delete "scenarios" on page 2, line 15, and replace it with "strategies" so as to now read "...following strategies as part of..."

Thank you for the opportunity to testify on this measure.

**Testimony before  
The House Committee on Finance**

**S.B. 2981, SD2, HD2-- Relating to Renewable Energy**

**Tuesday, April 3, 2012  
Agenda #2, 3:00 pm  
Conference Room 308**

**By Colton Ching  
Vice President, System Operation & Planning  
Hawaiian Electric Company, Inc.**

Chair Oshiro, Vice-Chair Lee and Members of the Committee:

My name is Colton Ching. I am the Vice President of System Planning & Operation for Hawaiian Electric Company. I am testifying on behalf of Hawaiian Electric Company and its subsidiary utilities, Maui Electric Company and Hawaii Electric Light Company.

The Hawaiian Electric Companies support the intent of S.B. 2981 SD2 HD2, and we appreciate the extended time to allow further discussion. As provided in Hawaiian Electric's testimony in SD2 HD1, we offer a comment that a resolution may be a better vehicle for the Legislature's preference for integrated resource planning scenarios and options. For the Committee's information, the Public Utilities Commission has already initiated the Integrated Resource Planning process in their Order No. 30233 in Docket No. 2012-0036 dated March 1, 2012.

Thank you for the opportunity to testify.

Jeannine Johnson, Legislative Sub-Committee Chair

## **Kuli'ou'ou / Kalani Iki Neighborhood Board #2**

5648 Pia Street, Honolulu, Hawai'i 96821

Phone: 373-2874 (h) / 691-7261 (w)

March 31, 2012

### COMMITTEE ON FINANCE

Rep. Marcus R. Oshiro, Chair

Rep. Marilyn B. Lee, Vice Chair

Re: SB2981 SD2 HD2 - Relating to Renewable Energy

Hrg: Tuesday, April 3, 2012 at 3 pm in Conf. Room 308

Aloha mai kākou,

Under Section 2-14-125 of the Neighborhood Board Plan, I have been appointed as a Delegate with responsibilities to represent the **Kuli'ou'ou / Kalani Iki Neighborhood Board #2** on matters approved by the Board. As Committee Chair of the **Kuli'ou'ou / Kalani Iki Neighborhood Board #2** Legislative Sub-Committee, I must inform you **Neighborhood Board #2** strongly opposes SB 2981, SD2 HD2 which allows the public utilities commission to direct electric utilities to include specific scenarios and resource options as part of their integrated resource plans, to develop a framework to replace oil-based power generation facilities, and to examine certain policies related to the distribution of renewable energy. **Neighborhood Board #2** represents over 6,000 households, with a population of almost 20,000 people (State of Hawaii Data Book 2002) in East Honolulu.

Hawai'i is a unique and beautiful state - for many, it is an ideal place to live and is second to none for providing a preferred quality of life. But we face a growing number of challenges and pressing issues that threaten our limited natural resources, rich cultural heritage, and precious way of life. The lack of affordable and adequate housing; steady deterioration of our public infrastructure - including roads, parks, schools, health care facilities and other buildings; traffic gridlock and congestion on most islands; and population growth increasing at a rapid rate, particularly on the neighbor islands - all raise questions about the long term limits of growth on these islands and the need for all of us to begin planning and acting now to ensure a positive and sustainable future for the people of Hawai'i, especially our children, youth, and future generations. Our Hawaiian islands are rich in its physical and geographic beauty, its cultural and ethnic diversity, and a Hawaiian tradition and heritage that make our state uniquely special.

On December 7, 2006, **Neighborhood Board #2** voted 12-0-1 to preserve the qualities and characteristics of Hawai'i's unique island lifestyle to every extent possible, to support long-range planning based on sound planning principles with accountability and the Hawaiian concept of the ahupua'a system in which people respect the air, land, water, and other scarce natural resources that make life sustainable from the mountains to the sea. The proposed oceanic transmission cable will be laid in the Hawaiian Islands

COMMITTEE ON FINANCE

March 31, 2012

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Humpback Whale National Marine Sanctuary, which Sanctuary regulations prohibit "altering of the seabed" and will impact the endangered Hawaiian monk seals, whales, dolphins and turtles.

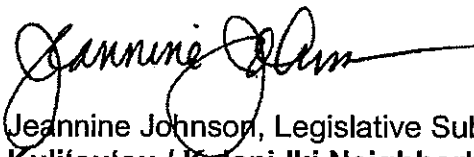
Hawaii's ratepayers will be required to cover the projected costs of the \$1 billion undersea transmission cable through a \$3.53 - \$5.13 monthly increase in every household's electric rates. Neither the State of Hawaii, with a current deficit that exceeds the projected cost of the undersea transmission cable, nor HECO, with a credit rating just one step above junk bond status, can afford to build the cable.

**Neighborhood Board #2** supports renewable energy alternatives to fossil fuels which are locally manufactured and would employ more Hawaii residents including but not limited to wave energy, Ocean Thermal Energy Conversion, and new-technology solar which are all viable for Hawaii's renewable energy needs. The \$1 billion projected costs for the undersea cable alone could be invested in covering 28,500 O'ahu homes (20% of O'ahu homes) with photovoltaic systems, which would reduce O'ahu's use of oil by nearly 500,000 barrels per year, save those 28,500 homeowners more than \$48 million per year, and create an estimated 500 to 600 jobs.

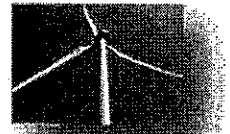
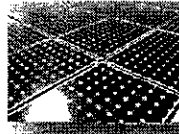
Therefore, on December 1, 2011, **Neighborhood Board #2** voted 10-3-1 to oppose direct or indirect public financing of the proposed undersea cable.

Your opposition of SB 2981, SD2 HD2 is respectfully requested.

'O au iho nō me ke aloha,



Jeannine Johnson, Legislative Sub-Committee Chair  
**Kuli'ou'ou / Kalani Iki Neighborhood Board #2**



**HOUSE COMMITTEE ON FINANCE**

April 3, 2012, 3:00 P.M.

Room 308

**(Testimony is 1 page long)**

**TESTIMONY IN SUPPORT OF SB 2981 SD2 HD2**

Chair Oshiro and members of the Finance Committee:

The Blue Planet Foundation supports SB 2981 SD2 HD2, 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 with an effective date upon enactment.

Thank you for the opportunity to testify.

**Jeff Mikulina, executive director • [jeff@blueplanetfoundation.org](mailto:jeff@blueplanetfoundation.org)**

55 Merchant Street 17<sup>th</sup> Floor • Honolulu, Hawai'i 96813 • 808-954-6142 • [blueplanetfoundation.org](http://blueplanetfoundation.org)

**HOUSE COMMITTEE ON FINANCE**

Rep. Marcus R. Oshiro, Chair

Rep. Marilyn B. Lee, Vice Chair

**IN OPPOSITION** to SB 2981 SD2 HD2 Relating To Integrated Resource Planning  
Hearing: April 3, 2012, 3:00 p.m.

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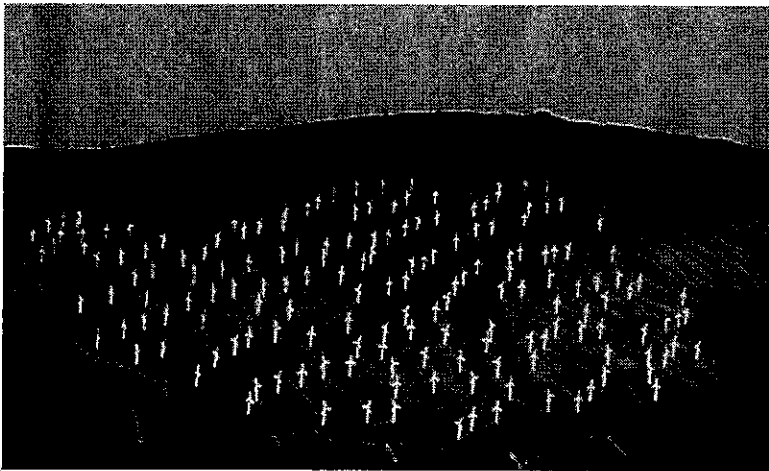
I **OPPOSE** SB2981 SD2 HD2. It is unnecessary. The Public Utility Commission opened a state-wide Integrated Resource Planning Docket on March 1, 2012, and it is premature to attempt to manipulate the scope of that process before it has even begun.

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 the utility 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 development of intermittent electricity and an undersea cable to transmit it will not make O`ahu's grid more reliable and is a waste of rate and taxpayer funds.

**LANA`I AND MOLOKA`I SHOULD NOT BECOME INDUSTRIAL WASTELANDS.**  
**HOLD THIS BILL.**



To-scale model of turbine placement on Lana`i/Siemens

Sally Kaye, Lana`i City, HI



## **FINTestimony**

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**From:** mailinglist@capitol.hawaii.gov  
**ent:** Monday, April 02, 2012 11:20 AM  
**To:** FINTestimony  
**Cc:** brilana@gmail.com  
**Subject:** Testimony for SB2981 on 4/3/2012 3:00:00 PM

Testimony for FIN 4/3/2012 3:00:00 PM SB2981

Conference room: 308  
Testifier position: Support  
Testifier will be present: No  
Submitted by: Brilana Silva  
Organization: Individual  
E-mail: [brilana@gmail.com](mailto:brilana@gmail.com)  
Submitted on: 4/2/2012

Comments: