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KEALI' I S. LOPEZ
DIRECTOR

TO THE HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

THE TWENTY-SIXTH LEGISLATURE
REGULAR SESSION OF 2012

TUESDAY, MARCH 13, 2012
9:00 A.M.

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

SENATE BILL NO. 656, S.D. 1 - RELATING TO PUBLIC UTILITIES COMMISSION

DESCRIPTION:

This measure proposes to require that the Public Utilities Commission ("Commission") publish power purchase contracts - for the purchase of renewable energy by energy utilities, in their entirety, including price information, on a publicly-accessible portion of the Commission's website.

POSITION:

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

COMMENTS:

The Consumer Advocate opposes this measure, which seeks to increase transparency related to pricing and other relevant information in power purchase agreements ("PPAs"). The Consumer Advocate is mandated to consider any potential or consequential rate impact for the benefit of the consumers of utility services. Pricing transparency involves complexities which may have not been fully vetted and may result in higher costs for the utility and ultimately, the consumers.

The Commission currently provides public access to dockets related to the review of the electric utilities' PPAs through the Commission's Document Management System ("DMS"). Confidential and proprietary information related to PPAs, however, are filed under a protective order, and are not accessible to the public. Pricing information has been made publicly available by the Commission in certain circumstances, but not in others.

There are numerous utility regulatory jurisdictions seeking to address this issue of pricing transparency. Generally, the other jurisdictions appear evenly split between aggressively seeking disclosure and passively allowing for protection of confidential information related to PPA pricing. The Consumer Advocate is aware that Nevada, New Hampshire and Vermont have recently taken steps, either legislatively or through their respective public utility regulatory authority, to seek public disclosure of pricing information. California and Florida are sensitive to the proprietary interests of the independent power producers, however, the burden of proof is on the party claiming confidentiality and such protection is afforded for a specific length of time.

The Consumer Advocate acknowledges that the retention of confidential information may be necessary when electric utilities and the independent power producers are negotiating contract pricing and conditions which involve novel or revolutionary technology in addition to advanced processes and systems as such proprietary information is vital for competitive, investing and financing purposes. The concern is that where there are new technologies, making pricing information publicly available may establish a price floor for future contracts utilizing the same or similar technology.

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
HOUSE COMMITTEE ON
ENERGY & ENVIRONMENTAL PROTECTION

MARCH 13, 2012

MEASURE: S.B. No. 656, S.D. 1

TITLE: Relating to the Public Utilities Commission

Chair Coffman and Members of the Committee:

DESCRIPTION:

This measure will require the Commission to publish on a publicly-accessible portion of its website all contracts for the purchase by public utilities of nonfossil fuel-generated energy. All contracts to be published must contain energy purchase prices expressed in a cost per kilowatt-hour basis. Contracts pending Commission approval may be published with certain proprietary information redacted until such final approval is granted, if at all.

POSITION:

The Commission supports the intent of this measure to promote an open and transparent regulatory process, but believes that the bill is unnecessary. The following comments are submitted for the Committee's consideration.

COMMENTS:

Public access to all dockets opened since 1998 is available through the Document Management System located on the Commission's website. The available docketed information already includes the same Commission-reviewed power purchase agreements ("PPA") that this measure seeks to make publicly accessible. For this reason, we believe this bill is unnecessary.

In addition, without either a court order for existing contracts or prior consent by contracting parties for future contracts, it is unlikely that the Commission will be able to publish proprietary energy purchase price information in accordance with this measure without violating protective orders for many PPAs previously or currently under review by the Commission.

Thank you for the opportunity to testify on this measure.

**Testimony before the
House Committee on
Energy and Environmental Protection**

S.B. 656, S.D.1 -- Relating to the Public Utilities Commission

**Tuesday, March 13, 2012
9:00 am, Conference Room 325**

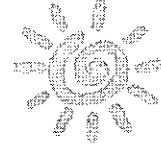
**By Scott Seu
Vice-President, Energy Resources
Hawaiian Electric Company, Inc.**

Chair Coffman, Vice-Chair Kawakami and Members of the Committee:

My name is Scott Seu. I am the Vice-President of Energy Resources at 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).

Hawaiian Electric opposes S.B.656, SD1 as this bill is unnecessary. Purchase Power Agreements, including pricing, negotiated between Hawaiian Electric and Independent Power Producers are submitted to the Hawaii Public Utilities Commission for approval and are made available for public inspection on the Commission's website. In some situations, certain information may be redacted in the documents filed with the Commission if that information could result in compromising ongoing or future contract negotiations with other Independent Power Producers. Such redacted information is typically lifted once the negotiations that could be affected have been completed.

Thank you for the opportunity to testify.



LIFE OF THE LAND

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COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Rep. Denny Coffman, Chair

Rep. Derek S.K. Kawakami, Vice Chair

DATE: Tuesday, March 13, 2012

TIME: 9:00 a.m.

PLACE: Conference Room 325

Aloha Chair Coffman, Vice Chair Kawakami and Members of the Committee

My name is Henry Curtis and I am the Executive Director of Life of the Land, Hawai`i's own energy, environmental and community action group advocating for the people and `aina for four decades. Our mission is to preserve and protect the life of the land through sound energy and land use policies and to promote open government through research, education, advocacy and, when necessary, litigation.

Many people thought that rates would go down on Maui when the Keheawa Wind Farm was built.

There are repeated rumors that Puna Geothermal Ventures has received a sweetheart deal whereby use of geothermal on the Big Island raises rates on an island that is leading the nation in high rates.

Some people advocate allowing the utility to give a premium for biodiesel fuel made from Hawai`i crops.

Some have alleged that the price for this or that renewable energy is \$x/kwh.

All of these are speculative, because with the exception of feed-in tariffs, net metering, and one 2011 agreement, all pricing information is considered a trade secret. Those who have access to such data are not permitted to release it.

Life of the Land officers have signed HECO-written, PUC-approved Protective Orders forbidding our disclosure of pricing information in the various regulatory proceedings in which we have been a party.

Somewhere in history it was decided that the utility would get the best deal for ratepayers if potential renewable energy companies had no idea what rate the utility would agree to. Negotiations bogged down and many renewable energy companies left town.

Now the profitability of the utility is protected thru a decoupling mechanism, low rates are being encouraged through a PUC-approved Competitive Bidding process, and the State has adopted a policy that rapid conversion from fossil fuels to renewables is needed.

The fastest way to get renewable energy companies to get involved is if they know what price they must meet.

The fastest way to get community buy-in is if the community knows how much different renewables cost.

Please pass this important bill.

Henry Curtis
Executive Director

kawakami1 - Marissa

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 11, 2012 8:28 AM
To: EEPtestimony
Cc: mh@interpac.net
Subject: Testimony for SB656 on 3/13/2012 9:00:00 AM

Testimony for EEP 3/13/2012 9:00:00 AM SB656

Conference room: 325
Testifier position: Support
Testifier will be present: No
Submitted by: Cory Harden
Organization: Individual
E-mail: mh@interpac.net
Submitted on: 3/11/2012

Comments:

Please enable citizens to know why their electric bills are so high! Mahalo.

kawakami1 - Marissa

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 11, 2012 10:27 AM
To: EEPtestimony
Cc: amori@chaminade.edu
Subject: Testimony for SB656 on 3/13/2012 9:00:00 AM

Testimony for EEP 3/13/2012 9:00:00 AM SB656

Conference room: 325
Testifier position: Support
Testifier will be present: No
Submitted by: Art Mori
Organization: Individual
E-mail: amori@chaminade.edu
Submitted on: 3/11/2012

Comments:

It is long overdue that public utilities share a bit of sunshine.

Mahalo

kawakami1 - Marissa

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 11, 2012 1:25 PM
To: EEPtestimony
Cc: icec002@hawaii.rr.com
Subject: Testimony for SB656 on 3/13/2012 9:00:00 AM

Testimony for EEP 3/13/2012 9:00:00 AM SB656

Conference room: 325
Testifier position: Support
Testifier will be present: No
Submitted by: charles ice
Organization: Individual
E-mail: icec002@hawaii.rr.com
Submitted on: 3/11/2012

Comments:

Public support of our critical energy agenda is essential. This comes with fully understanding the issues, being able to rely on analysts to sort out key information. But it all starts with having the information; hiding it only makes it highly suspect. Is this any way to run a government? You wouldn't think so.

COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Rep. Denny Coffman, Chair
Rep. Derek S.K. Kawakami, Vice Chair
IN SUPPORT of SB 656 SD1

Hearing March 13, 2012 9 a.m.

The purpose of this measure is to increase transparency in the renewable energy market by requiring the Public Utilities Commission to publish contracts for the purchase of renewable energy, including the price per kilowatt hour, on its website.

According to the PUC, past practice has been arbitrary: "This is because the electric utilities and sometimes their independent power producers believe that the information constitutes confidential, proprietary information that they need to keep confidential for their own competitive and business purposes. The information redacted from PPAs usually includes price information.

But at other times, "pricing information has been made public, depending on the confidentiality requirements of the parties to the PPA."

There is little to no excuse for hiding the cost of renewable - or any other kind of energy - paid for by ratepayers. Allowing the utility, a monopoly without any competition, to withhold information on a claim that it is "proprietary" is ludicrous. Permitting both the utility and independent power producers to unilaterally decide what they will disclose and what they will not, is not in the best interests of the State, its residents and ratepayers.

The PUC testified that it has "informally advised the electric utilities that it would like to move toward making all pricing information in PPAs public, as we have done with the Feed in Tariff program[.]"

It's now time to make it formal, notwithstanding the likely objections of the utility.

Please PASS this bill.

Mahalo for the opportunity to comment.

Sally Kaye, Lana'i City

kawakami1 - Marissa

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 11, 2012 2:25 PM
To: EEPtestimony
Cc: pbdocberry@gmail.com
Subject: Testimony for SB656 on 3/13/2012 9:00:00 AM

Testimony for EEP 3/13/2012 9:00:00 AM SB656

Conference room: 325
Testifier position: Support
Testifier will be present: No
Submitted by: Paul Berry
Organization: Individual
E-mail: pbdocberry@gmail.com
Submitted on: 3/11/2012

Comments:

Please YES on SB656. Until we have transparency on electricity pricing from the PUC, we cannot expect HECO, which hides its costs, to provide needed, correct information to both ratepayers and policymakers. YES on this bill is vital if we expect HCEI to succeed.
Paul Berry

kawakami1 - Marissa

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 11, 2012 2:35 PM
To: EEPtestimony
Cc: redahi@hawaii.rr.com
Subject: Testimony for SB656 on 3/13/2012 9:00:00 AM

Testimony for EEP 3/13/2012 9:00:00 AM SB656 .

Conference room: 325
Testifier position: Support
Testifier will be present: No
Submitted by: B.A. McClintock
Organization: Individual
E-mail: redahi@hawaii.rr.com
Submitted on: 3/11/2012

Comments:

It's time the public knows what it is paying for! Please SUPPORT!

kawakami1 - Marissa

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 11, 2012 4:33 PM
To: EEPtestimony
Cc: mauibrad@hotmail.com
Subject: Testimony for SB656 on 3/13/2012 9:00:00 AM

Testimony for EEP 3/13/2012 9:00:00 AM SB656

Conference room: 325
Testifier position: Support
Testifier will be present: No
Submitted by: Brad Parsons
Organization: Aloha Analytics
E-mail: mauibrad@hotmail.com
Submitted on: 3/11/2012

Comments:

kawakami1 - Marissa

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 11, 2012 11:22 PM
To: EEPtestimony
Cc: evernw@aol.com
Subject: Testimony for SB656 on 3/13/2012 9:00:00 AM

Testimony for EEP 3/13/2012 9:00:00 AM SB656

Conference room: 325
Testifier position: Oppose
Testifier will be present: No
Submitted by: Evern E Williams
Organization: Individual
E-mail: evernw@aol.com
Submitted on: 3/11/2012

Comments:
I strongly support SB 656.

The public has a right to know how energy pricing is progressing.

kawakami1 - Marissa

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 11, 2012 10:56 PM
To: EEPtestimony
Cc: maguinger@hawaii.rr.com
Subject: Testimony for SB656 on 3/13/2012 9:00:00 AM

Testimony for EEP 3/13/2012 9:00:00 AM SB656

Conference room: 325
Testifier position: Support
Testifier will be present: Yes
Submitted by: Mary A. Guinger
Organization: Environmental Caucus of the Democratic Party
E-mail: maguinger@hawaii.rr.com
Submitted on: 3/11/2012

Comments:

We are not just "rate payers." Hawaii is a Democracy having "public utilities".

As citizens and consumers, we need to be informed with factual verifiable data that shows demand, price cost measurement, and energy output to compare renewable energy. Public access of information needs to be easily attainable so that the public knows their options.

kawakami1 - Marissa

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 11, 2012 12:00 PM
To: EEPtestimony
Cc: jepsona001@hawaii.rr.com
Subject: Testimony for SB656 on 3/13/2012 9:00:00 AM

Testimony for EEP 3/13/2012 9:00:00 AM SB656

Conference room: 325
Testifier position: Support
Testifier will be present: No
Submitted by: Andrea Jepson
Organization: Individual
E-mail: jepsona001@hawaii.rr.com
Submitted on: 3/11/2012

Comments:

With costs of living on hawaii escalating so quickly, tax payers and rate payers should have an opportunity to see what kind of contracts are being signed in our name.

kawakami1 - Marissa

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 11, 2012 12:34 PM
To: EEPtestimony
Cc: stuart.h.scott@gmail.com
Subject: Testimony for SB656 on 3/13/2012 9:00:00 AM

Testimony for EEP 3/13/2012 9:00:00 AM SB656

Conference room: 325
Testifier position: Support
Testifier will be present: No
Submitted by: Stuart Scott
Organization: Individual
E-mail: stuart.h.scott@gmail.com
Submitted on: 3/11/2012

Comments:

I am in complete support of SB656 as it gives more information about what goes into utility rates to the public than has previously been available. In this day and age of internet access, and with all the critical issues of climate change and 'peak oil' looming close at hand, it is essential that the public be aware of this information. The old model of secrecy does not serve the public interest and the PUC is there to serve the public interest.

I strongly urge you to approve SB656.

Stuart Scott

kawakami1 - Marissa

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 11, 2012 12:33 PM
To: EEPtestimony
Cc: rkaye@mdi.net
Subject: Testimony for SB656 on 3/13/2012 9:00:00 AM

Testimony for EEP 3/13/2012 9:00:00 AM SB656

Conference room: 325
Testifier position: Support
Testifier will be present: No
Submitted by: Robin Kaye
Organization: Individual
E-mail: rkaye@mdi.net
Submitted on: 3/11/2012

Comments:

This bill would go a long way to provide transparency in the PUC process. Please support it.

kawakami1 - Marissa

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 11, 2012 12:27 PM
To: EEPtestimony
Cc: pfahl@hawaii.edu
Subject: Testimony for SB656 on 3/13/2012 9:00:00 AM

Testimony for EEP 3/13/2012 9:00:00 AM SB656

Conference room: 325
Testifier position: Support
Testifier will be present: No
Submitted by: Robyn Pfahl
Organization: Individual
E-mail: pfahl@hawaii.edu
Submitted on: 3/11/2012

Comments:

kawakami1 - Marissa

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 11, 2012 4:04 PM
To: EEPtestimony
Cc: newsletter@riseup.net
Subject: Testimony for SB656 on 3/13/2012 9:00:00 AM

Testimony for EEP 3/13/2012 9:00:00 AM SB656

Conference room: 325
Testifier position: Support
Testifier will be present: No
Submitted by: R. Kinslow
Organization: Individual
E-mail: newsletter@riseup.net
Submitted on: 3/11/2012

Comments:

I strongly support a requirement for the public utilities commission to publish contracts, including price information, for the purchase of renewable energy by energy utilities on a publicly accessible portion of the commission's website. A stakeholders model is one element of sustainable decision-making. You can contribute to sustainability by supporting this measure.

kawakami1 - Marissa

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 12, 2012 8:19 AM
To: EEPtestimony
Cc: rezentesc@aol.com
Subject: Testimony for SB656 on 3/13/2012 9:00:00 AM

Testimony for EEP 3/13/2012 9:00:00 AM SB656

Conference room: 325
Testifier position: Support
Testifier will be present: No
Submitted by: Cynthia K.L. Rezendes
Organization: Individual
E-mail: rezentesc@aol.com
Submitted on: 3/12/2012

Comments:
Aloha,

Please support this bill as it provides transparency into energy contracts to allow the public access to understand more detail on the particulars of our energy costs.

Mahalo,

Cynthia K.L. Rezendes

kawakami1 - Marissa

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 12, 2012 8:38 AM
To: EEPtestimony
Cc: bMcD50@aol.com
Subject: Testimony for SB656 on 3/13/2012 9:00:00 AM

Testimony for EEP 3/13/2012 9:00:00 AM SB656

Conference room: 325
Testifier position: Support
Testifier will be present: No
Submitted by: Elizabeth McDermott
Organization: Individual
E-mail: bMcD50@aol.com
Submitted on: 3/12/2012

Comments:

I am writing in STRONG SUPPORT of SB656, SD1. With the energy landscape in Hawaii changing so rapidly the public has a right to know which energy sources are being added to the mix and the nature of those contracts, including pricing information. This is a fair, sensible bill. Don't keep us in the dark any longer.

Mahalo for taking my testimony.

Beth McDermott

kawakami1 - Marissa

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 12, 2012 8:43 AM
To: EEPtestimony
Cc: jimiberlin@aol.com
Subject: Testimony for SB656 on 3/13/2012 9:00:00 AM

Testimony for EEP 3/13/2012 9:00:00 AM SB656

Conference room: 325
Testifier position: Support
Testifier will be present: No
Submitted by: james berlin
Organization: Individual
E-mail: jimiberlin@aol.com
Submitted on: 3/12/2012

Comments:

kawakami1 - Marissa

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 12, 2012 1:34 PM
To: EEPtestimony
Cc: noelk@hawaii.edu
Subject: Testimony for SB656 on 3/13/2012 9:00:00 AM

Testimony for EEP 3/13/2012 9:00:00 AM SB656

Conference room: 325
Testifier position: Support
Testifier will be present: No
Submitted by: Noel Kent
Organization: Individual
E-mail: noelk@hawaii.edu
Submitted on: 3/12/2012

Comments:

We must have a higher degree of transparency in the contracts signed to deliver energy to the people of Hawai'i. The information should be present on the website and available to the public. There is no room for secrecy here. Noel Kent Professor

kawakami1 - Marissa

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 12, 2012 2:23 PM
To: EEPtestimony
Cc: daniela.minerbi@gmail.com
Subject: Testimony for SB656 on 3/13/2012 9:00:00 AM

Testimony for EEP 3/13/2012 9:00:00 AM SB656

Conference room: 325
Testifier position: Support
Testifier will be present: No
Submitted by: Daniela Minerbi
Organization: Individual
E-mail: daniela.minerbi@gmail.com
Submitted on: 3/12/2012

Comments:

Hawaii is a sanctuary for many animal and plant species that needs to be respected and protected.

True cultures are based foremost on values.

Indeed one fundamental value of any and all human cultures , and Hawaiian culture as well, is to protect, respect, and care for mother NATURE and her living beings: animal and plants.

Another fundamental value, is to respect and listen to the needs and wisdom of the inhabitants of a place, when major economic, political, and technological need to be made that effect such inhabitants, specially those that are least powerful, and more vulnerable.

That is the role of any true civilization.

There is not just ONE way to solve a problem.

And ACT OF LISTENING is in itself an example of civility and civilization.

Thank you for your attention,

Daniela Minerbi