

# SB 656

**Measure Title:** RELATING TO THE PUBLIC UTILITIES COMMISSION.

**Report Title:** Renewable Energy; Public Utilities Commission

**Description:** Requires 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.

**Companion:**

**Package:** None

**Current Referral:** CPN

**Testimony before the  
Senate Committee on Commerce and Consumer Protection  
on  
SB 656 – Relating to the Public Utilities Commission**

**Friday, February 4, 2011**

**By Daniel Ching  
Director, Energy Contract Administration  
Hawaiian Electric Company, Inc.**

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

My name is Daniel Ching and I am testifying on behalf of Hawaiian Electric Company, Inc. and its subsidiaries Hawaii Electric Light Company and Maui Electric Company, collectively the Hawaiian Electric Companies.

SB 656 requires the Public Utilities Commission (PUC) to publish all Contracts for the purchase of energy from non-fossil fuel producers in their entirety, including the purchase price of energy, on the public portion of the PUC's website. We offer the following comments for the Committee's consideration.

The Hawaiian Electric Companies must submit executed Contracts to the PUC for approval. Once submitted, these Contracts are already available to the public at the PUC. Certain material in support of the Contract approval, such as analyses of the reasonableness of the negotiated energy price may be submitted by the Hawaiian Electric Companies under protective order, primarily to maintain competitive pricing between developers negotiating Contracts with the electric company.

Thank you for the opportunity to testify on this matter.



Ocean Tourism Coalition

*The Voice for Hawaii's Ocean Tourism Industry*  
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Testimony to the Senate CPN Committee  
Friday, February 4, 2011; 9:00 a.m.  
Conference Room 229

Speaking in Support

RE: SB 656

Chair Senator Baker, Vice Chair Senator Taniguchi and Members of the  
Commerce and Consumer Protection Committee:

My name is James E. Coon, President of the Ocean Tourism Coalition.  
The OTC represents over 300 small ocean tourism businesses state wide. We  
appreciate the efforts being made by the Legislature in addressing the  
inadequacies of the Public Utilities Commission.

We believe these bills will go a long way in reforming some of the serious  
shortfalls that are now apparent in the operation of the PUC. Especially  
disturbing was the recent ruling which allowed a large shipper to "cherry pick"  
markets to serve at the detriment of the current provider which will cause  
serious hardship for the smaller islands.

Please pass this bill which will help restructure the PUC in ways that will be very  
positive for our islands.

Thank you for the opportunity to submit testimony. If you have any questions,  
please contact me at 808-870-9115.

Sincerely,

James E. Coon, President



# Indigenous Consultants, LLC

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Senate Bill #656

To: Senator Rosalyn Baker

Committee on Commerce & Consumer Affairs

Hearing Date: Friday, February 4, 2011

Hearing Time: 9:00 am

Room # 229

Testimony in Support of S. B. 656 Re: Public Utilities

Aloha Senator Baker and Committee Members,

For many years I have been working in the field of sustainable renewable energy, developing geothermal energy with indigenous peoples in New Zealand and advising Pacific and other indigenous peoples in energy development. This past year, I began to research why the electricity costs in Hawaii, on Hawaii Island were not only the highest in the State of Hawaii, but the highest in the United States and the entire Pacific Region. My research revealed that the County of Hawaii and all of its ratepayers, (State, County and Federal rate payers included) were not being charged rates based on the actual cost of the geothermal and fossil fuel energy they consumed. Approximately one third (1/3d) of the energy consumed on the Big Island comes from geothermal resources from Puna. Despite this fact, and for nearly 20 years, ratepayers on Hawaii Island have been charged solely on fossil fuel consumption. This egregious situation is the result of closed and secret negotiations between the HECO/HELCO monopoly and the ORMAT/PVG monopoly who decided years ago that they would not pass on to consumers the actual costs for electricity, but instead would use a "cost avoided" formula. Under this formula, the HECO/HELCO monopoly would share the profits from all geothermal energy production solely with the Ormat/PGV monopoly, while billing ratepayers for costs based on fossil fuel consumption. This monopoly arrangement bilked ratepayers on Hawaii Island million of dollars and resulted in a huge windfall for the 2 monopoly groups who control power production and distribution Statewide.

When I tried to obtain the actual data relating to costs for Hawaii's electricity I was told that the negotiations, data, and justification for the extremely

high rates charged were “proprietary” and “secret”. In my estimation these monopolies have engaged in price fixing in violation of State and Federal law. When I requested the assistance of the State to obtain the data, I was told by Ted Peck, then State Energy Director, that the State had to respect the privacy of business deals and that the State had to respect parties right to contract under the US Constitution! Peck has since left public service, quitting his job to become a board member of the Ku’okoa Corporation, a new company that is trying to acquire the assets of both the HECO monopoly as well as the Ormat/PVG plant in Puna.

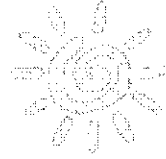
Throughout the world, Nations and States are shifting from fossil fuel to geothermal energy because it is safe, clean and cost efficient. Wherever geothermal energy is used, consumers are charged costs based on the value of the resource. Geothermal energy is significantly cheaper than fossil fuel, but in Hawaii, ratepayers are not allowed to benefit from these cost savings because private parties have been allowed to fix prices and avoid public scrutiny when developing the assets of the public trust.

Geothermal assets and their revenues are ceded lands trust assets. As a “mineral” geothermal energy is part of the public trust, and belongs to the native Hawaiian and the public. Although the State licenses development and receives a share of royalties, but the ratepayers including government consumers continue to be victimized by this private deal which has been on for 20 years and still has 16 years left to run. If Hawaii pays roughly 1 billion dollars per year for fossil fuel costs, and 1/3d of the energy consumed does not come from fossil fuel, then 300 million dollars billed to ratepayers per year are inflated costs. This has gone on for 20 years, is it going to be allowed to continue for another 16years?

#### Conclusion:

1. I strongly support passage of this measure.
2. I request that Senator Baker and this Committee refer this matter to the State Attorney General and request that he open an investigation into the contractual agreement between the HECO and ORMAT/PVG monopolies relating to the fixing of rate charges to consumers of electricity on Hawaii Island to determine whether illegal price fixing has occurred, and to undertake appropriate action if indicated, to secure the return of millions of dollars owed to the State general fund and the County as well as the residents of the Big Island by the HECO/PVG monopolies.

Mahalo, Mililani B. Trask, Indigenous Consultants



# LIFE OF THE LAND

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## COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Rosalyn H. Baker, Chair

Senator Brian T. Taniguchi, Vice Chair

DATE: Friday, February 4, 2011

TIME: 9:00 a.m.

PLACE: Conference Room 229

**Bill:** HB 656 RELATING TO THE PUC

**STRONG SUPPORT**

Aloha Chair Baker, Vice Chair Taniguchi 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.

Mahalo,

Henry Curtis

TESTIMONY OF TAWHIRI POWER LLC  
ON SB 656  
BEFORE THE SENATE COMMITTEE ON  
ENERGY AND ENVIRONMENT  
FRIDAY, FEBRUARY 4, 2011 AT 9:00 a.m.

TO THE HONORABLE CHAIR BAKER AND MEMBERS OF THE COMMITTEE:

TPL is an Independent Power Producer ("IPP") that owns and operates Pakini Nui Wind Farm located in the South Point Area on the Island of Hawaii. The Pakini Nui plant generates renewable energy that is sold to the Hawaii Electric Light Company, Inc. pursuant to a Power Purchase Agreement. TPL is also a party to the Feed-In Tariff Docket currently before the Hawaii Public Utilities Commission.

TPL supports this bill, but would request that language be added to the bill to state that the contracts for purchase of nonfossil fuel generated energy by a public utility will be published, in their entirety and shall include the purchase price of energy expressed as cost per kilowatt, on the Public Utilities Commission publicly-accessible portion of its website upon filing, as well as upon approval or determination by the Commission. This will provide true transparency.

Thank you for the opportunity to testify.



RELATING TO THE PUBLIC UTILITIES COMMISSION.

Requires 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.

Date: Friday, February 4, 2011

Time: 9:00 AM

Place: Conference Room 229, State Capitol

I write this testimony in complete support of SB 656. I believe it is fundamental to our system of open government that the prices and all other relevant financial information relating to the purchase of renewable energy be publicly accessible. This information will play a major informative role in community discussions about our energy future; we as citizens will pay these prices and so they should be publicly available.

Thank you,

Robin Kaye

Robin Kaye

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