



TESTIMONY BY
KELLY O'BRIEN, VICE-PRESIDENT FOR DEVELOPMENT
FIRST WIND

REGARDING H.B. 1408, RELATING TO WIND FACILITIES

BEFORE THE
HAWAII STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

TUESDAY, FEBRUARY 5, 2013
CONFERENCE ROOM 325
10:00 AM

Aloha Chairman Lee and Distinguished Members of the Committee on Energy and Environmental Protection. My name is Kelly O'Brien and I am the Vice-President for Development for First Wind.

First Wind has been developing and operating utility scale wind energy projects in Hawai'i since 2006 and to date has invested nearly \$600 million in Hawai'i. We own and operate Kaheawa Wind Power I & II on Maui (51 MW) and Kahuku Wind Power (30 MW) and Kawailoa Wind Power (69 MW) on O'ahu. We are also involved with several utility-scale solar projects in Hawai'i. First Wind currently employs 25 people in Hawai'i with plans to add 5 more in the near term. We are firmly committed to helping to improve Hawai'i's energy security by decreasing its reliance on fossil fuels for its energy needs. We have a demonstrated record in establishing long-term dialogues and partnerships with the communities we join and we are proud of our accomplishments in establishing successful Habitat Conservation Plans for our projects which ensure a "net benefit" to native wildlife that could be affected by our projects.

Hawai'i has made great strides in utilizing renewable resources for its electricity needs in the past decade, but much more needs to be done to decrease Hawai'i's reliance on fossil fuels. Renewable Energy tax credits have a significant economic impact on each project. While First Wind supports the concept of tax credits for residential, commercial and feed-in-tariff solar projects, we are not taking a position on how the credits for those projects should be structured. Our interests are in the area of solar tax credits for utility-scale projects. First Wind supports efforts to establish a consistent tax credit structure that ensures a level playing field for all utility-scale project developers.

We support H.B. 1408 with regard to the proposed production tax credit; however, we do not support the concept of the aggregate cap as currently drafted, for three reasons. First, the proposed caps are too low to accommodate a large utility-scale solar project, let alone multiple projects. Given the upcoming HECO RFP, it is possible that several large utility-scale solar projects will be developed that will qualify for production tax credits in excess of the cap. Second, the proposed language gives no indication how the credits under the aggregate cap would be allocated. If there is a chance that the aggregate cap could be completely allocated by the time a new qualifying solar project comes online, this uncertainty will make it difficult to finance any utility-scale projects. Third, the proposed aggregate cap could mean that a tax credit is 100% available to a project in one year, then after new projects come online, the tax credit to that same project is only partially available. This would create significant

financial uncertainty to a qualifying project. The risk that some or all of a utility-scale project's production tax credit will be in excess of the cap on any given year will likely increase the pricing as the developer will need to account for that risk. First Wind could support an aggregate cap if properly sized to decrease that risk.

Additionally, we ask that the Committee consider including language allowing the credit to be refundable without being discounted for utility-scale solar projects that do not have sufficient tax liability to utilize the credit. As currently drafted, HB1408 does not include a refundable option for utility-scale projects, creating an uneven playing field that will discourage investment and competition and may ultimately increase the rates paid by consumers for renewable energy and slow progress toward fulfilling Hawai'i's clean energy goals.

thielen3 - Charles

From: Bob Johnston [grj@landtecinc.com]
Sent: Tuesday, February 05, 2013 2:35 PM
To: EEPtestimony
Subject: HB1408

HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

Tuesday, February 5, 2013 – 10 a.m. – Room 325

Testimony Supporting the Intent of HB 1408 Relating to Renewable Energy

Chair Lee, Vice Chair Thielen, and Members of the Committee:

Hawaii Pacific Solar supports the intent of HB 1408, which will make needed reforms to the Renewable Energy Technologies Income Tax Credit ("RETITC") to reduce the credit's cost to the state. However, we believe that HB 756 is a more effective way to make those same reforms, while also making the RETITC easier to administer and maintaining the viability of all sectors of the solar industry.

First, HB 756 more closely follows the federal tax credit structure. This will remove ambiguities in the existing law and make it easier for the Department of Taxation to administer the credit. This will benefit not only the Department but also all stakeholders, including households, businesses, and contractors, as well as lessors and other funders of solar projects.

Second, HB 756 will maintain the viability of the commercial and utility-scale sectors of the solar industry. Although HB 1408 will preserve the residential market, its per-credit cap for commercial systems and its aggregate cap amounts for utility-scale projects would be devastating to those sectors of the industry. By contrast, HB 756 provides a more balanced approach that makes cuts to—but ultimately preserves—all sectors of the industry. By preserving the viability of all segments of Hawaii's solar industry, HB 756 will lead to a higher level of renewable energy installation at a lower cost to the state. In doing so, it will maximize the use of state tax dollars and keep Hawai'i on the path to achieving its clean energy goals.

Hawaii Pacific Solar therefore recommends that you pass HB 756 to reform the RETITC rather than HB 1408. Thank you for the opportunity to provide this testimony.

Sincerely,



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HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION
Tuesday, February 5, 2013 – 10 a.m. – Room 325

Testimony Supporting the Intent of HB 1408 Relating to Renewable Energy

Chair Lee, Vice Chair Thielen, and Members of the Committee:

Rising Sun Solar supports the intent of HB 1408, which will make needed reforms to the Renewable Energy Technologies Income Tax Credit ("RETITC") to reduce the credit's cost to the state. However, we believe that HB 756 is a more effective way to make those same reforms, while also making the RETITC easier to administer and maintaining the viability of all sectors of the solar industry.

First, HB 756 more closely follows the federal tax credit structure. This will remove ambiguities in the existing law and make it easier for the Department of Taxation to administer the credit. This will benefit not only the Department but also all stakeholders, including households, businesses, and contractors, as well as lessors and other funders of solar projects.

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Rising Sun Solar therefore recommends that you pass HB 756 to reform the RETITC rather than HB 1408. Thank you for the opportunity to provide this testimony.

Sincerely,

Bradley Albert
Owner

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