

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

FEBRUARY 5, 2013
8:30 a.m.

MEASURE: H.B. No. 728

TITLE: Relating to Net Energy Metering

Chair Lee and Members of the Committee:

DESCRIPTION:

H.B. No. 728 requires electric utilities to provide group net metering to eligible customer-generators starting July 1, 2014, and requires the Public Utilities Commission (“Commission”) to adopt rules by July 1, 2014 setting out the parameters of group net metering. Group net metering is defined as “a group of customers, or a single customer with multiple meters” within a single utility service area choosing to combine meters “as a single billing entity” for net energy metering (“NEM”).

POSITION:

The Commission supports the intent of H.B. No. 728 to increase the opportunities in Hawaii to utilize renewable energy technology. However, the Commission feels this bill is premature, and the following comments are offered for the Committee’s consideration.

COMMENTS:

The Commission was recently awarded a grant from the National Association of Regulatory Utility Commissioners to evaluate and identify improvements for Hawaii’s various renewable energy procurement methods that would include a review of the State’s NEM program (“NARUC Grant”). This fully-funded review is scheduled to be completed by September of this year. The NARUC Grant review will examine Hawaii’s renewable energy procurement methods – including NEM, Hawaii’s feed-in tariff

program (“FIT”), and the existing competitive bidding framework – to evaluate how various energy acquisition programs function independently and comprehensively in meeting Hawaii’s clean energy mandates through the most efficient processes to 1) achieve the highest level of renewable energy penetration at the lowest cost, 2) ensure that all ratepayers can share in the benefits of clean energy, and 3) ensure and improve the reliability of the system. Therefore, rather than creating a new group net metering mechanism, the Commission believes the existing NEM program must be fully evaluated first. H.B. No. 728 would be making significant changes to the structure of NEM before this comprehensive review can be completed.

The Commission’s NARUC Grant Request for Qualifications, dated January 17, 2013, is attached for the Committee’s perusal.

Please also note that Commission staff time and other resources will have to be reallocated to design and establish rules for a Hawaii group net metering program, and this reallocation will detract from other priorities currently before the Commission.

Thank you for the opportunity to testify on this measure.



N A R U C
National Association of Regulatory Utility Commissioners

Request for Qualifications, HAWAII January 17, 2013

The National Association of Regulatory Utility Commissioners (NARUC) is in need of the services of an expert consultant or consultants to support the Hawaii Public Utilities Commission (“Commission”) as it seeks a review, evaluation, & recommendation for improvements to the current variety of renewable energy procurement (“REP”) methods used by electric utilities to procure utility-scale & customer-sited generation.

This request for qualifications (“RFQ”) invites consultants to submit their qualifications in order to be considered for performing this work under contract to NARUC. It is one of several RFQs being issued under NARUC’s Recovery Act-funded State Electricity Regulators’ Capacity Assistance and Training (“SERCAT”) program. (More information at www.naruc.org/sercat).

Background

Electricity generation in the State of Hawaii (“Hawaii” or “State”) is highly dependent on imported oil, and, consequently, the State has the highest average electricity rates in the country. Hawaii’s utilities are actively procuring renewable-sourced generation in an effort to meet aggressive Renewable Portfolio Standards (“RPS”) and to stabilize the high cost of electricity. As a result of these efforts, Hawaii is experiencing exponential growth in solar photovoltaic (“PV”) systems (cumulative solar PV additions of approximately 200 megawatts (“MW”) installed) and significant wind resource additions (over 200 MW installed) on a collective statewide grid just 1,600 MW in size. These progressive policies have resulted in the State’s electric utilities, under the oversight of the Commission, employing a wide variety of renewable energy procurement (“REP”) methods and programs to achieve state-mandated requirements. The Commission now seeks assistance to complete a full, comprehensive review of the effectiveness of existing procurement methods. This review will consider the effectiveness of existing programs in terms of purchased power costs, progress toward meeting renewable energy goals, administrative costs and ease of process, and fairness and equity across ratepayer classes.

Specifically, the Commission seeks the assistance of a consultant(s) to review, evaluate, and recommend improvements to the current variety of REP methods used by the State’s electric utilities to procure utility-scale and customer-sited generation (“Project”). These utility-scale mechanisms include a feed-in tariff (“FIT”) program, acquisitions under a Commission-established competitive bidding framework, and bilateral negotiations between independent power producers (“IPP”) and the utilities. Customer-sited renewable energy programs include net energy metering (“NEM”), standard interconnection agreements, and the “Schedule Q” tariff that pays for customer-sited generation based on avoided costs. The consultant(s), having expertise in REP and standard regulatory practices, will assist the Commission in determining the overall effectiveness of the above mentioned procurement methods.

The REP programs identified have all been quickly and almost simultaneously deployed, and the Commission believes now is the right time to evaluate the general effectiveness of these methods

and programs both individually and in concert. Hawaii's customer-side renewable energy procurement mechanisms have been in operation for several years without yet having comprehensive program effectiveness reviews performed. Utility-scale procurement programs have likewise been developing and operating in varying degrees, and now programs like FIT have reached a point where the Commission believes comprehensive review and evaluation is necessary to move the program forward. Additionally, renewable energy procurement projects in the State under a Commission-created competitive bidding framework have begun to significantly increase in terms of both proposed project size and the frequency of applications.¹

Funding

Up to \$72,800 is available for the consultant or consultants to support this effort.

Deliverables

This project is envisioned as being a two-phase process. Phase 1 involves the research, review, evaluation, and recommendation steps discussed in the Background section above. The selected consultant(s) would examine the effectiveness of current Hawaii REP methods and programs both individually and collectively, evaluate such methods and programs in relation to similar mechanisms in other jurisdictions, and offer recommendations based on consultant(s) evaluation. In the anticipated Phase 2 of this Project, the consultant or consultants performing the initial review and evaluation will further assist the Commission in an advisory capacity in related proceedings to amend, revoke, or create new procurement methods as a result of the deliverable (i.e. Commission proceedings to examine the existing FIT or NEM programs).

The intended deliverables are an Interim Report during the research/evaluation process and Final Report at the conclusion of Phase 1 including all findings and recommendations from the review and evaluation of Hawaii's REP methods and programs. The submitted reports should include on an interim or final basis, where applicable, 1) a review of existing Hawaii procurement mechanisms, 2) a survey and description of similar programs implemented in different states, 3) an evaluation of the effectiveness of the reviewed procurement mechanisms, and 4) recommendations for improving the effectiveness of the reviewed procurement mechanisms. In addition, the report should include a summation of lessons learned from the State's various renewable energy procurement methods and programs, as well as a comparative matrix of the effectiveness of the various renewable energy procurement methods being reviewed and evaluated. In the course of completing the required report, the consultant(s) will likely need to conduct interviews and meetings with the Commission.

Phase 2 deliverables will be determined through discussions with the Commission and the potential consultant(s), although this will require consultant(s) to advise and report to the Commission on the progress of implementing the Phase 1-generated recommendations in the course of Commission proceedings. Again, the contracting, funding, and performance of Phase 2 are expected to be outside the scope of this grant process.

¹ Included among the utility-initiated requests for proposals ("RFP") for renewable energy generation capacity currently before the Commission is a RFP for 200MW of as-available intermittent renewable energy generation for delivery to the island of Oahu under Commission Docket No. 2011-0225, and an RFP for 50MW of electricity generated from geothermal energy resources for use by Hawaii Electric Light Company under Commission Docket No. 2012-0092.

Period of performance

Selected consultants will be interviewed by NARUC and the Commission by telephone, and a selection is anticipated by February 2012. The proposed consultant work would be performed between February 2013 and September 15, 2013.

Responding with your qualifications

Please send an email that includes a letter of your interest in being considered for this activity, with a project brief. This brief should identify staff who would be assigned, outline rates and estimate involvement (in total hours) for each individual proposed, include individual curriculum vitae for these individuals, and provide corporate qualifications (or links to relevant efforts) for your organization. Please provide these electronically to Miles Keogh and Ivy Wheeler at mkeogh@naruc.org and iwheeler@naruc.org by COB February 14, 2013. Consultant qualifications should demonstrate that they are able to perform the tasks described above. Further consultant selection will occur via teleconference with NARUC and the Commission Staff.

Questions should also be addressed to Miles and Ivy at the email addresses above.

Acknowledgment: "This material is based upon work supported by the Department of Energy under Award Number(s) DE-OE0000123."

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NEIL ABERCROMBIE
GOVERNOR



KATHRYN S. MATAYOSHI
SUPERINTENDENT

STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 02/05/2013

Committee: House Energy & Environmental
Protection

Department: Education

Person Testifying: Kathryn S. Matayoshi, Superintendent of Education

Title of Bill: HB 0728 RELATING TO NET ENERGY METERING.

Purpose of Bill: Authorizes group net metering among electric utility customers beginning 7/1/2014. Directs the PUC to adopt rules for group net metering.

Department's Position:

The Department of Education is in support of HB 0728, which authorizes group net metering among electric customers beginning 7/1/2014. The Department plans to continue installing sustainable energy generation systems, including solar and small wind, on our school facilities. Group net metering would expedite this effort since many of our schools have multiple meters. It may also provide a way for the customers in communities surrounding our schools to participate group net metering.

Thank you for allowing the Department to provide testimony on this bill.



NEIL ABERCROMBIE
GOVERNOR

SHAN S. TSUTSUI
LT. GOVERNOR

STATE OF HAWAII
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KEALI' I S. LOPEZ
DIRECTOR

JO ANN UCHIDA TAKEUCHI
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON
ENERGY AND ENVIRONMENTAL PROTECTION

THE TWENTY-SEVENTH LEGISLATURE
REGULAR SESSION OF 2013

TUESDAY, FEBRUARY 5, 2013
8:30 A.M.

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

HOUSE BILL NO. 728 - RELATING TO NET ENERGY METERING

DESCRIPTION:

This measure proposes to authorize group net metering among electric utility customers beginning July 1, 2014 and directs the Public Utilities Commission to adopt rules for group net metering.

POSITION:

The Division of Consumer Advocacy ("Consumer Advocate") supports the intent of H. B. No. 728 with comments.

COMMENTS:

The Consumer Advocate has been participating in the Public Utilities Commission's ("Commission") Reliability Standards Working Group ("RSWG"), which was comprised of various entities such as the Hawaii electric utilities, several independent power producers, renewable energy associations, environmental

advocates, and the Consumer Advocate. The work efforts by the individual entities recently concluded and the next steps in the RSWG process include review by the Commission and its technical review committee.

Through the RSWG process, measures and steps were identified to improve the processes for the various renewable energy procurement mechanisms, including net energy metering (“NEM”). Part of the next steps includes an assessment that these measures and steps do not increase the electricity bills for those Hawaii ratepayers who are not participating in such programs as NEM.

The Consumer Advocate suggests that the Legislature’s concerns and issues associated with NEM and other procurement programs be addressed in the form of a resolution, rather than in statute as proposed in H.B. No. 728 to allow the RSWG process to be completed.

Thank you for this opportunity to testify.



HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

February 5, 2013, 8:30 A.M.

Room 325

(Testimony is 2 pages long)

TESTIMONY IN STRONG SUPPORT OF HB 728

Chair Lee and members of the Energy & Environmental Protection Committee:

The Blue Planet Foundation strongly supports HB 728, directing the Public Utilities Commission to establish a group net metering program to expand the number of Hawaii residents who can participate in the benefits of clean energy. We also request that this Committee give favorable consideration of a very similar measure, HB 1363, which establishes a community-based renewable energy program.

House Bill 728 makes renewable energy accessible for many Hawai'i residents, businesses, and agencies who cannot currently take advantage of energy cost savings available from solutions like rooftop solar photovoltaic energy. Group net metering boosts private investment in our green energy infrastructure while it maximizes the flexibility of our clean energy solutions. In doing so, it benefits all Hawai'i residents by reducing the amount of money we send out of the state to pay for imported fossil fuels.

Our current system leaves many Hawaii households, businesses, and public agencies unable to participate in renewable energy cost savings

Many homeowners have been able to use solar power and other technologies to break free from energy costs being driven upward by fossil fuels. Unfortunately, many individuals and households are currently unable to directly participate in renewable energy because of their location, building type, access to the electric utility grid, or other impediments. For example, (a) it may be difficult for a single condominium owner to install solar panels, without a wider installation on behalf of the entire condominium; (b) it may be difficult for homeowners with shaded roofs to harness as much of the sun's energy as their neighbors; or (c) a homeowner may find that the utility is limiting the amount of energy from the homeowner's particular circuit. All of these situations can be addressed with group net metering.

Group net metering unlocks renewable energy solutions, improves our economy, and benefits our electrical grid

Group net metering allows residents to join together to find energy solutions. For example, several condominium owners in different buildings may collectively install solar panels in another location with spare rooftop capacity. Even larger communities can join together to install renewable energy in ways that are most effective and efficient for their particular community. Or public agencies, such as schools, colleges, universities, and local governments will have more flexibility to access renewable energy across their systems. The cost savings can benefit important educational programs, social services, and new hiring.

Group net metering can also help make our energy system more robust, by evening out the distribution of renewable energy on the grid. For example, homeowners on a crowded circuit can install solar panels on another circuit, and receive the credit against their energy bill. By promoting renewable energy on under-utilized circuits, it can help the utility to operate our electrical system more effectively and efficiently. In addition to these benefits, group net metering creates new construction jobs, stimulates the economy, reduces emissions of greenhouse gases, promotes energy independence, and will assist in meeting the state's clean energy goals.

Group net metering is spreading across the country—don't let Hawaii fall behind

For all of these reasons, it is in the public interest to promote this type of broader participation in self-generation by Hawaii residents, public agencies, and businesses. Group net metering is an innovative solution that is already happening in other states, such as California, Colorado, Massachusetts, Washington, Maryland, and Maine.¹ There is no reason Hawaii shouldn't enable its residents to do the same thing.

We respectfully request that HB 728 be forwarded for further consideration.

Thank you for the opportunity to testify.

¹ The U.S. Dep't of Energy's National Renewable Energy Laboratory has reported on elements of these programs, <http://www.nrel.gov/docs/fy11osti/49930.pdf>.



Hawaii Solar Energy Association
Serving Hawaii Since 1977

Before the House Committee on Energy and Environmental Protection
February 5, 2013, 8:30 AM, Conference Room 325
HB 728: RELATING TO NET ENERGY METERING

Aloha Chair Lee, Vice-Chair Thielen, and members of the House Committee on Energy and Environmental Protection,

On behalf of the Hawaii Solar Energy Association (HSEA), I would like to testify **in strong support for HB 728**, which authorizes group net metering among electric utility customers, and directs the PUC to adopt rules for group net energy metering beginning 7/1/2014. HSEA is a non-profit trade organization that has been advocating for solar energy since 1977, with an emphasis on residential distributed generation and commercial for both solar hot water (SHW) and photovoltaics (PV). We currently represent 71 companies, and our members include installers, contractors, manufacturers, distributors, the utility, and others.

Solar is key to our Green Energy Future

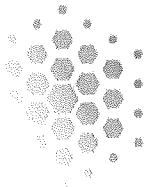
The importance of this legislation cannot be overstated. Hawaii is dangerously dependent upon imported fossil fuels, and the cost and uncertainty of fossil fuels will only increase. Recent reports have indicated that oil may reach \$180/barrel or more by 2020, and scientists have found that climate change has exacerbated global warming more than they believed, with recent data showing that the Antarctic is warming three times the predicted rate. Transforming our electrical grid to a green energy infrastructure will bring both added security and stability to our state's economy, and also contribute to an overall reduction of greenhouse gasses for everyone.

Access to Net Energy Metering currently limited

A recent report completed by Harcourt, Brown & Carey for the on-bill financing docket currently before the PUC found that 41% of all Hawaii residents rent. Only in rare circumstances are renters able to take advantage of renewable energy technology, and many home owners and businesses are also prevented from investing in renewables due to site or structural constraints of their building. Allowing renters and others to invest in clean energy through a group net metering program would be a boon both for Hawaiian residents and businesses, and also for the state as we move closer to our goal of energy independence.

Thank you for the opportunity to testify.

Leslie Cole-Brooks
Executive Director
Hawaii Solar Energy Association



HAWAII ENERGY CONNECTION
Sustainable Energy Solutions

99-1350 Koaha Place
Aiea, HI 96701
P: 808-524-7336
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To: Committee On Energy & Environmental Protection

Re: Testimony on H.B 728, Relating to Net Energy Metering

02/04/13

Hawaii Energy Connection, LLC (HEC) is a Hawaii based photovoltaic installation company with over 90 full time employees in addition to numerous independent sales representatives and outside contractors. HEC does work on all Islands in the State of Hawaii.

HEC is in support of H.B. 728 with comments. Hawaii Energy Connection supports the “spirit” of this bill. We often receive inquiries from Hawaii citizens wanting to take advantage of the benefits of clean solar energy, but are not able to install a photovoltaic system on-site. Group Net Metering is an idea that will directly benefit a large portion households that are unable to take advantage of these benefits while broadening the investment in solar energy throughout the State.

Mahalo,

Chris DeBone
Managing partner, Hawaii Energy Connection, LLC

thielen3 - Charles

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 04, 2013 10:11 AM
To: EEPtestimony
Cc: wsb@java.net
Subject: Submitted testimony for HB728 on Feb 5, 2013 08:30AM
Attachments: HB728_Group Net Metering.PDF

HB728

Submitted on: 2/4/2013

Testimony for EEP on Feb 5, 2013 08:30AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Warren Bollmeier	HREA	Support	Yes

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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2/5/2013

House Committee on Energy and Environmental
Protection

EEP

8:30 a.m.

HB 728

TESTIMONY IN SUPPORT

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

The Hawaii PV Coalition supports this measure, the goal of which is to extend the benefits of net energy metering (NEM) to those who cannot currently access them. NEM has been the foundation on which Hawaii's solar industry has built its success. Although other utility contracting mechanisms have more recently begun to add to NEM systems (including feed-in tariffs and bilateral PPAs) NEM remains the backbone of the solar industry in Hawaii. As such it is a crucial mechanism through which homeowners and business owners manage their energy costs, which are typically one of the primary cost categories they face.

Although solar systems are now common across all income classes and geographic areas among home and building owners, renters have not enjoyed access to them. Landlords typically will not build PV systems for renters to use the power from, and renters will typically not build systems that they will eventually have to give to their landlords. This mismatch results in a stalemate where rental property sees very little renewable energy development.

This measure would rectify this inequity by allowing groups of renters to build systems at sites where they do not own property and use the energy generated at these sites to offset their utility bills at the site where they do consume energy. It is, in essence, and accounting convenience that, once implemented allows renters the same benefits as owners, and deploys more of Hawaii's residential and commercial rooftops for the purpose of ending our state's crippling reliance on imported fossil fuels.

Thank you for the opportunity to testify on this measure.

Mark Duda
President, Hawaii PV Coalition

The Hawaii PV Coalition was formed in 2005 to support the greater use and more rapid diffusion of solar electric applications across the state. Working with business owners, homeowners and local and national stakeholders in the PV industry, the Coalition has been active during the state legislative sessions supporting pro-PV and renewable energy bills and helping inform elected representatives about the benefits of Hawaii-based solar electric applications.



Directors

Jody Allione
AES-Solar

Joe Boivin
The Gas Company

Kelly King
Pacific Biodiesel

Warren S. Bollmeier II
WSB-Hawaii

TESTIMONY OF WARREN BOLLMEIER ON BEHALF OF THE
HAWAII RENEWABLE ENERGY ALLIANCE BEFORE THE
HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

HB 728, RELATING TO NET METERING

February 5, 2013

Chair Lee, Vice-Chair Thielen, 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 728 are to: (i) authorize group net metering among electric utility customers beginning 7/1/2014; (i) direct the PUC to adopt rules for group net metering.

HREA **supports** this measure and offers the following comments in support:

- 1) Clean Energy Goals. This measure will support attainment of our clean energy goals;
- 2) Customer Choice. This measure will increase the number of energy savings for customers; and
- 3) Commission Discretion. We interpret the language in this measure to allow the PUC the discretion to adopt rules by Decision and Order, or in a rulemaking proceeding.

Mahalo for this opportunity to testify