



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
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Statement of
Richard C. Lim
Director

Department of Business, Economic Development, and Tourism
before the
House Committee on Energy and Environmental Protection
Tuesday, February 5, 2013
8:30 AM
State Capitol, Conference Room 325

in consideration of

HB 757 RELATING TO ENERGY INDEPENDENCE.

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

The Department of Business, Economic Development, and Tourism (DBEDT) respectfully offers comments on HB 757, which would establish renewable portfolio standards for 2040 and 2050, setting the goal of 100% renewable energy generation by 2050.

While we support the intent of this bill, we defer to the Public Utilities Commission on the regulatory aspects of this bill, as it has the authority established under Hawaii Revised Statutes (HRS) 269-95 Sections (4) and (5) to periodically review RPS to determine if the standards established by section 269-92 remain effective and achievable and to make necessary RPS modifications.

Thank you for the opportunity to offer these comments.

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. 757

TITLE: Relating to Energy Independence

Chair Lee and Members of the Committee:

DESCRIPTION:

This measure proposes to alter Section 269-92(a), Hawaii Revised Statutes (“HRS”), by establishing Hawaii Renewable Portfolio Standards (“RPS”) benchmarks of seventy per cent of net electricity sales and one hundred per cent of net electricity sales to be achieved by electric utility companies by the ends of 2040 and 2050, respectively. H.B. No. 757 also deletes the provision from HRS § 269-92(d) that includes the inability of utilities to “acquire sufficient renewable electrical energy due to lapsing of tax credits related to renewable energy development” as an event or circumstance outside a utility’s “reasonable control” with respect to achieving RPS mandates.

POSITION:

The Commission supports the intent of this measure to review and strengthen, as needed, Hawaii’s RPS mandates, but feels this measure is premature and its targets lack supporting technical and policy analysis. The Commission would like to offer the following comments for the Committee’s consideration.

COMMENTS:

First, the Commission notes that Section 269-95, Hawaii Revised Statutes (“HRS”), explicitly requires the Commission to “[e]valuate the renewable portfolio standards every five years, beginning in 2013, and may revise the standards based on the best information available at the time to determine if the standards established by

section 269-92 remain effective and achievable.” In addition, the Commission is required under HRS § 269-95 to report its RPS-related findings and recommendations to the Legislature prior to the convening of the regular session of 2014 and every five years following that initial report. Therefore, the Commission will commence its review of the RPS this calendar year.

Multiple measures have been introduced during this session to amend the RPS. The Commission would ask the Committee to consider creating a resolution setting out the critical RPS concerns the Legislature would like evaluated as a more effective vehicle to ensure a comprehensive review of RPS. The suggested resolution’s list of issues can include an examination of 2040 and 2050 RPS goals.

Thank you for the opportunity to testify on this measure.



NEIL ABERCROMBIE
GOVERNOR

SHAN S. TSUTSUI
LT. GOVERNOR

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DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

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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. 757 - RELATING TO ENERGY INDEPENDENCE

DESCRIPTION:

This measure proposes to establish renewable energy portfolio standards for 2040 and 2050, setting goal of energy independence for Hawaii's electricity sector by 2050.

POSITION:

The Division of Consumer Advocacy supports the intent of the measure to further ensure efforts will continue to reduce the State's dependence on fossil fuel and related issues of energy security and independence.

COMMENTS:

The Division of Consumer Advocacy notes that the Public Utilities Commission is tasked to evaluate the current renewable portfolio standards ("RPS") reflected in Chapter 269, Hawaii Revised Statutes, and will be providing its initial report to the

House Bill No. 757
House Committee on Energy and Environmental Protection
Tuesday, February 5, 2013, 8:30 a.m.
Page 2

Legislature prior to the convening of the 2014 regular session. A review of the merits to provide additional standards for 2040 and 2050 could be incorporated in that review process.

Thus, the Division of Consumer Advocacy offers that a legislative mandate is premature at this time and that the Committee could consider issuing a resolution identifying the need to examine 2040 and 2050 renewable portfolio standards that the Legislature would like evaluated with respect to the established RPS.

Thank you for this opportunity to testify.



Email: communications@uluponoinitiative.com

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

Ulupono Initiative Supports HB 756, Relating to Renewable Energy

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

My name is Kyle Datta, General Partner of the Ulupono Initiative, a Hawai'i-based impact investment firm that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally grown food, increase renewable energy, and reduce/recycle waste.

The Ulupono Initiative **strongly supports** HB 756, which will make much needed reforms to the Renewable Energy Technologies Income Tax Credit ("RETITC") that reduce the credit's cost to the State and makes it easier for the Department of Taxation to administer and for the public to understand, while maintaining the viability of the solar industry. In doing so, HB 756 allows solar energy to continue helping Hawai'i meet its ambitious renewable energy goals while retaining construction sector employment.

Ulupono believes HB 756 is the right approach for the following reasons:

- **Easy to Administer.** HB 756 follows the basic framework of federal law, and allows federal guidance to be applied to Hawai'i's credit, which is consistent with the State's general tax policy. The terms used in HB 756 also are drawn directly from the law's federal investment tax credit and production tax credit counterparts. This will remove ambiguities in the existing law and make it easier for the Department of Taxation to administer the credit.
- **Predictable Rampdown.** HB 756 ramps the tax credit down evenly and predictably until the investment tax credit levels off at 10% in 2018 and the production tax credit sunsets in 2019. This gradual and measured approach will minimize shocks to Hawaii's renewable energy industry and allow it to adjust to lower incentive levels. This allows the deployment of solar energy systems to continue at lower costs as both prices and incentive levels steadily decline. A more severe and immediate reduction in the level of the credit would likely cause the industry to contract, leading to layoffs, unemployment, and the flight of capital.
- **Maximizes Installation of Renewable Energy.** By preserving the viability of all segments of Hawai'i's solar industry—residential, commercial, and utility-scale—HB 756 will lead to a high level of renewable energy installation at a relatively low cost to the state. This will maximize the use of state tax dollars and keep Hawai'i on the path to achieving its clean energy goals.

- Reduces Costs to State. By creating a production tax credit for utility scale projects (which is optional for other projects) the State will be able to spread out its costs for these larger projects over a ten-year period. This will avoid a spike in tax credit expenditures over the next few years when these utility-scale projects come on line.

For these reasons, we support HB 756 and urge you to pass it as drafted. Thank you for the opportunity to provide this testimony.

Sincerely,

Kyle Datta
General Partner



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 757: RELATING TO INDEPENDENCE

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 support of HB 757**, which establishes renewable energy portfolio standards for 2040 and 2050, with a renewable portfolio standard of 70% of its net electricity sales by December 31, 2040 and 100% of its net electricity sales by December 31, 2050.

Fossil fuels are a non-renewable resource reaching peak production

As we all know, 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 global competition for fossil fuels continues to grow. In addition, the fossil fuel resources that still remain are increasingly more difficult, expensive, and dangerous to extract. No matter how the state of the current supply of fossil fuels is framed, there is no getting around the fact that fossil fuels are a non-renewable resource and the supply will eventually come to an end.

Time for a clear commitment

It therefore makes no sense for Hawaii to continue to depend upon fossil fuels as a substantial part of its energy portfolio. Unlike so many other places around the world, we have a wealth of renewable resources to be used—solar, wind, biomass, and wave—and we should make it our goal to be energy independent. 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. Now is the time to make our goals clear, and to make a firm commitment to an energy independent future.

Thank you for the opportunity to testify.

Leslie Cole-Brooks
Executive Director
Hawaii Solar Energy Association



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 757, RELATING TO ENERGY INDEPENDENCE

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 purpose of HB 757 is to establish renewable energy portfolio standards for 2040 and 2050, setting the goal of energy independence for Hawaii's electricity sector by 2050.

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

- 1) Renewable Portfolio Standard Goals. This measure places our RPS Goals where they should have been all along. The only argument is whether or not we could make this date "certain." This bill does that; and
- 2) Can We Do It. For some this is a rhetorical question; for others it is "do we have any choice." Either way, please consider the following. Our current RPS is 40%, and is the companion to our Energy Efficiency Portfolio Standard ("EEPS") which is at 30%, both to be achieved totaling 70% clean energy by 2030. Yes, RPS at 40% sounds like a lot today (just as 11 to 15% seemed like a lot to some back in 2003 or so). Remembering that the RPS is 40% of electricity sales, the better the Public Benefits Fund Administrator does, the easier it is to reach 40%. Consider also this, if (or we would like to say when), we achieve 100% or near hundred percent Zero Net Energy buildings, the EEPS will be on the order of 50%. Thus, a RPS of 100% in 2050 (or sooner) may only be 50%.
- 3) Recommendation. Please pass this measure.

Mahalo for this opportunity



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 757

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

The Blue Planet Foundation **strongly supports** HB 757, establishing the next logical step in Hawai'i's long-term energy goals.

The State of Hawai'i has established energy goals reflected in its Renewable Portfolio Standards ("RPS"). Those goals, set forth by the legislature in 2009 with Act 155, include generating 40% of our power from renewable energy by 2030. As a result, we could potentially still be left with a scenario of producing **60% of our energy from fossil fuels in 2030**.

Although this may be a step in the right direction, it does not achieve energy independence for Hawai'i. Indeed, Act 155 expressly acknowledged that it provided only a "**first step** in aligning Hawai'i's energy policy laws with the State's energy goals." House Bill 757 is the "**next step**."

2030 is not the end of our energy road, and so we must ensure that today's energy decisions are being made with appropriate long-term policy guidance. We must also ensure that today's decisions do not lock us into an energy paradigm that will persist long after 2030 passes.

Indeed, that is exactly the situation Hawai'i faces today, heavily reliant on an aging fossil-based energy system because of decisions made long ago¹. Luckily, technology is accelerating ever faster, providing more and more clean energy options. Already, renewable energy technologies such as solar and wind power can generate electricity for less money than we currently pay for fuel alone. The future is bright... if we avoid repeating history.

To provide this long-term guidance and guard against post-2030 stagnation, HB 757 establishes energy targets for 2040 (70%) and 2050 (100%). Those targets are consistent with the steps already being taken elsewhere. For example, Denmark's legislature has established a 2050

¹ In fact, Oahu is still partially powered by a 66-year-old 50 MW fuel oil-powered generating unit at the Waiiau power plant (built in 1947).

goal of 100% renewable energy. Scotland's accelerated targets are also ahead of Hawai'i's current. After initially targeting 50% by 2020, Scotland's has progressed so rapidly that the new target is 50% by 2015. Such efforts are proving that aggressive energy innovation is achievable and affordable.

These targets are also consistent with the latest in engineering analysis. Engineers from Stanford University and U.C. Davis recently reported that "there are no technological or economic barriers to converting the entire world to clean, renewable energy sources. ... It is a question of whether we have the societal and political will."² Their work was premised on a goal that by 2030 all new energy generation would come from renewable sources, and that by 2050 all pre-existing energy production would be converted. The analysis also found that costs would be comparable to today's energy costs. Critically, this means that strong energy policy can hedge against rising fossil fuel prices.

Hawai'i must not be left behind, lest we find ourselves in 2040 asking—again—how to reduce fossil fuel dependence. We respectfully urge the committee to forward HB 757, in the interest of strengthening our economy, making Hawai'i an energy leader, and protecting our keiki from indefinite fossil fuel dependence.

Thank you for this opportunity to testify.

² See Jacobsen & Delucchi, *Providing all global energy with wind, water, and solar power*, 39 ENERGY POLICY 1154 (2011); see also <http://news.stanford.edu/news/2011/january/jacobson-world-energy-012611.html>.



House Committee on Energy & Environmental Protection

Testimony in support to House Bill 757

Testimony of Alex Tiller, Sunetric CEO

Tuesday, Feb. 5th, 8:30 a.m.

Chair Lee, Vice Chair Thielen, and members of the committee:

Sunetric is a Hawaii based company that designs and installs solar systems for residential and commercial clients. Our company has 150 employees located on Oahu, Maui and Hawaii Island, although we do solar work on all of Hawaii's islands. We are grateful to the Legislature for the support that we've received in the past and look forward to a continued productive relationship in which our industry works to achieve the state's energy and economic security goals, while also providing meaningful work for ourselves and our employees.

Sunetric **supports** House Bill 757, which establishes additional renewable energy portfolio standards for 2040 and 2050, as well as setting a goal of complete energy independence for Hawaii's electricity sector by 2050.

Sunetric agrees with the bill's intention to establish long-term planning to align the State of Hawaii's energy goals beyond The Hawaii Clean Energy Initiative's mandated goal. Currently, Hawaii must use 40 percent clean energy from locally generated renewable sources by 2030. According to HB 757, Hawaii will have 70 percent of its electricity from renewables by 2040, and 100 percent by 2050.

House Bill 757 reinforces the State of Hawaii's commitment to its people, who deal with the highest electricity costs in the nation.

Thank you for the opportunity to submit testimony on this measure.

Sincerely,

Alexander Tiller, CEO
Sunetric

thielen3 - Charles

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, February 02, 2013 12:24 PM
To: EEPtestimony
Cc: mendezj@hawaii.edu
Subject: Submitted testimony for HB757 on Feb 5, 2013 08:30AM

HB757

Submitted on: 2/2/2013

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

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Support	No

Comments: Why so far away?, I'd like to see it...How about 2020 instead of 2040 or 2050?

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thielen3 - Charles

From: mailinglist@capitol.hawaii.gov
Sent: Saturday, February 02, 2013 11:14 PM
To: EEPtestimony
Cc: leealdrige@msn.com
Subject: Submitted testimony for HB757 on Feb 5, 2013 08:30AM

HB757

Submitted on: 2/2/2013

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

Submitted By	Organization	Testifier Position	Present at Hearing
Lee Aldridge	Individual	Oppose	No

Comments: I oppose HB757 because this bill imprudently sets an unrealistic and unachievable goal for electrical utilities to raise their renewable portfolio standard from 40% of net electrical sales in 2030 to 70% in 2040 and 100% in 2050. The net result will be a continuation of the highest electrical costs for Hawaii's consumers and the creation of the most unreliable electrical service in the Nation. Renewable energy sources such as wind and solar are inherently inconsistent and cannot match consumer demand without substantial duplication of energy production capacity provided by combustion based processes be it fossil or biofuel. These goals will not be achieved without significant increases in consumer costs and imposition of restrictions on consumer use patterns and demand. In other words the people of Hawaii will be charged even more and get even less in return if this bill becomes law.

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thielen3 - Charles

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 03, 2013 12:55 AM
To: EEPtestimony
Cc: w9w@hotmail.com
Subject: Submitted testimony for HB757 on Feb 5, 2013 08:30AM

HB757

Submitted on: 2/3/2013

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

Submitted By	Organization	Testifier Position	Present at Hearing
kurt	Individual	Oppose	No

Comments: So-called "energy independence" is a pipe dream - a fantasy that will only cost everyone dearly in hire rates, squander tax money - remember Solyndra? - and resources with nothing to show for it. Nothing will replace fossil fuels for a long, long time, and when the time comes for a new energy resource to take its place let the free market decide.

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