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Solar Power Systems International

TESTIMONY OF JOHN CROUCH ON BEHALF OF SPSI, A RENEWABLE ENERGY
COMPANY BASED IN HAWAII, BEFORE THE
SENATE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE
HB 813, RELATING TO ELECTRICAL PRODUCERS

February 25, 2013

Chair McKelvey and Vice Chair Kawakami and distinguished members of the Committee, my name is John Crouch. I and my two local partners have been involved in the design and installation of renewable energy projects in Hawaii since the first commercial system at Mauna Lani Bay Hotel and Bungalows in 1998. We are very concerned that the proposed addition of the PUC to evaluate IPP cost data and other confidential information, poses a threat to the utility / IPP contract completion process.

SPSI Strongly **OPPOSES THIS MEASURE** and offers the following comments:

- 1) The PUC already has oversight and approval authority of all utility contracts for purchase of energy for the benefit of the rate payer. An additional step in evaluating the utility / IPP contract cost basis and evaluation of the IPP ROI is redundant. By the time the PPA is presented to the PUC, the utility and the IPP have already committed considerable financial resources and several years in developing a contract that they feel meets the PUC criteria. An additional analysis of base cost information by the PUC will add another four to six months to an already lengthy contract process. Project financing will move away as the time required for PUC approval becomes extended.
- 2) We have a mandate to reach a very aggressive goal of 70% renewables by 2030. Yet, we see multiple efforts to turn back the strong business contributions to our economy provided by the renewable energy industry. This measure is another step of added cost to the development process. Added layers of review and extended time of approvals add cost to the contract process and ultimately result in added cost to the rate payer. Also, this measure would likely impose "Rate Making" procedures on PPA contracts.
- 3) SUGGESTION: In order to provide some degree of stability in the PPA process, we propose that the PUC conduct its own consultant based industry wide study to determine reasonable per kWh pricing for various sizes and types of renewables. This will provide cost data to the PUC not based on any biases of developers or the utility and will not add uncertainty to the utility / IPP contract process.
- 4) We propose that this measure not be moved forward.

Mahalo for the opportunity to testify.