

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

MARCH 31, 2014  
2:10 p.m.

**MEASURE:** H.C.R. No. 212, H.D. 1/H.R. No. 167, H.D. 1

**TITLE:** Urging the Public Utilities Commission to Establish Energy Efficiency and Conservation Programs for Agricultural Activities that Produce Food for Local Consumption and to Develop Appropriate Incentives for Agricultural Uses that May Be Shifted to Off-Peak Times or May Be Available to Participate in Demand Response to the Benefit of the Electric Grid

Chair McKelvey and Members of the Committee:

**DESCRIPTION:**

These resolutions urge the Public Utilities Commission (“Commission”) to direct the Public Benefits Fee Administrator (“PBFA”) to “consider energy efficiency and conservation programs to assist the agricultural sector,” and to “direct Hawaii’s electric utilities to offer incentives for agricultural activities that can be shifted to off-peak times or are available to participate in demand response programs.”

**POSITION:**

The Commission supports the intent of these resolutions and would like to offer the following comments for the Committee’s consideration.

**COMMENTS:**

The Commission annually reviews the efforts of the PBFA to specifically address hard to reach or underserved customer classes in its efforts to provide energy efficiency and conservation programs to all ratepayers contributing to the public benefit fee. The Commission appreciates the assistance provided by the proponents of these resolutions

in identifying members of the agricultural sector as being potential participants in energy efficiency and conservation programs, as well as being potential participants in demand response and load management programs that are run to benefit the grid.

Thank you for the opportunity to testify on this measure.

**NEIL ABERCROMBIE**  
Governor



**SCOTT E. ENRIGHT**  
Chairperson, Board of Agriculture

**KEN H. KAKESAKO**  
Deputy to the Chairperson

State of Hawaii  
**DEPARTMENT OF AGRICULTURE**  
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**TESTIMONY OF SCOTT E. ENRIGHT  
CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE HOUSE COMMITTEE ON CONSUMER PROTECTION AND  
COMMERCE  
MONDAY, MARCH 31, 2014  
2:10 P.M.  
Room 325**

**HOUSE CONCURRENT RESOLUTION 212, HOUSE DRAFT 1/HOUSE RESOLUTION  
167, HOUSE DRAFT 1**

**URGING THE PUBLIC UTILITIES COMMISSION TO ESTABLISH ENERGY  
EFFICIENCY AND CONSERVATION PROGRAMS FOR AGRICULTURAL ACTIVITIES  
THAT PRODUCE FOOD FOR LOCAL CONSUMPTION AND TO DEVELOP  
APPROPRIATE INCENTIVES FOR AGRICULTURAL USES THAT MAY BE SHIFTED  
TO OFF-PEAK TIMES OR MAY BE AVAILABLE TO PARTICIPATE IN DEMAND  
RESPONSE TO THE BENEFIT OF THE ELECTRIC GRID.**

Chairperson McKelvey and Members of the Committee:

Thank you for the opportunity to testify on House Concurrent Resolution No. 212. House Draft 1 and House Resolution No. 167, House Draft 1. These two resolutions request the Public Utilities Commission to consider programs to assist Hawaii's agricultural industry, and to direct the electric utilities to offer incentives for agricultural activities to use electricity during off-peak periods. The Department of Agriculture supports the intent of these resolutions and offers an amendment to the title.

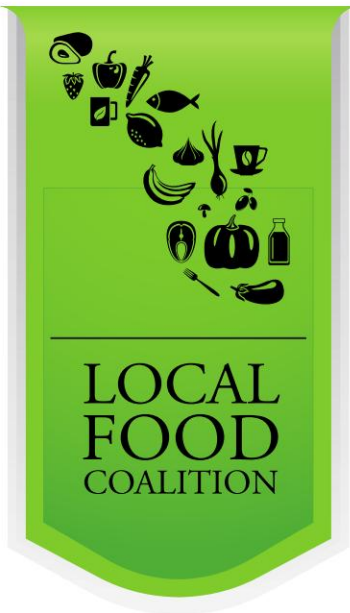
We agree that savings in energy costs through appropriate design and implementation of programs and incentives in efficiency and conservation could help to support Hawaii's diversified agricultural industry. We note that the title of the resolutions targets the production of food for local consumption. We believe the resolutions should



be all-inclusive and the programs and incentives offered by the PUC and the electric utilities be offered to all of agricultural production. We recommend the title be amended as follows:

URGING THE PUBLIC UTILITIES COMMISSION TO ESTABLISH ENERGY EFFICIENCY AND CONSERVATION PROGRAMS FOR AGRICULTURAL ACTIVITIES ~~[THAT PRODUCE FOOD FOR LOCAL CONSUMPTION]~~ AND TO DEVELOP APPROPRIATE INCENTIVES FOR AGRICULTURAL USES THAT MAY BE SHIFTED TO OFF-PEAK TIMES OR MAY BE AVAILABLE TO PARTICIPATE IN DEMAND RESPONSE TO THE BENEFIT OF THE ELECTRIC GRID.

Thank you, again, for the opportunity to testify on these resolutions.



HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE  
Monday, March 31, 2014 – 2:10 p.m. – Room 325

**RE: HCR 212 HD1/HR 167 HD1 - URGING THE PUBLIC UTILITIES COMMISSION TO ESTABLISH ENERGY EFFICIENCY AND CONSERVATION PROGRAMS FOR AGRICULTURAL ACTIVITIES THAT PRODUCE FOOD FOR LOCAL CONSUMPTION AND TO DEVELOP APPROPRIATE INCENTIVES FOR AGRICULTURAL USES THAT MAY BE SHIFTED TO OFF-PEAK TIMES OR MAY BE AVAILABLE TO PARTICIPATE IN DEMAND RESPONSE TO THE BENEFIT OF THE ELECTRIC GRID**

Dear Chair McKelvey, Vice Chair Kawakami and Members of the Committee:

My name is Kyle Datta and I am general partner of the Ulupono Initiative, a Honolulu-based impact investment firm, which is working to improve the quality of life for Hawai'i residents by investing in projects that create more locally grown food, increase renewable energy and reduce/recycle waste. We are representing on behalf of the Local Food Coalition, which is an organization comprising of farmers, ranchers, livestock producers, investors and other organizations working to provide Hawai'i's food supply.

**The Local Food Coalition strongly supports HCR 212 HD1/HR 167 HD1,** which encourages the Hawai'i Public Utilities Commission (PUC) to create innovative rate structures for agriculture that would lower both electric rates and food costs to all consumers.

In Hawai'i, a lot of renewable energy is currently lost due to utility curtailment or restriction of wind and solar producers. This energy source — which is currently wasted — could be used instead to move irrigation water, pump groundwater, chill food-storage facilities and power other agricultural uses. Agricultural users could shift these activities to the off-peak hours if they were offered the right rate incentives by the PUC, avoiding the need to limit or curtail renewable energy. The PUC could offer the agricultural sector specific off-peak rates or time-of-use rates, which is consistent with how utility commissions set rates in states with large amounts of renewable power that would otherwise be curtailed, such as Nebraska.

If the rate structure would allow recovery of the utility costs for transmission and distribution, this would increase utility revenues. Renewable energy providers currently bid prices to the utility that include an expectation of curtailment, so those bids are higher than if they operated under the rate structure set forth under this Resolution. For the agricultural users, the lower rates would be an added inducement to shift their loads to the off-peak hours. Further, by lowering demand during peak hours, we can avoid using the most expensive generation units on the system, which would lower rates for everyone. This is just one example of how preferential rates for agriculture can benefit the entire system.

4 Ag Hawai'i

Hawai'i Aquaculture &  
Aquaponics Association

Hawai'i Association of  
Independent Schools

Hawai'i Cattlemen's Council

Hawai'i Farm Bureau  
Federation

Hawai'i Farmers' Union  
United

Hawai'i Food Industry  
Association

Hawai'i Food  
Manufacturers Association

Kohala Center

Malama Kaua'i

Maui School Garden  
Network

Ulupono Initiative

Rates to all customers would decline because of the combination of lower renewable energy prices to the utility and greater utility system utilization. Better still, by supporting the integration of renewable energy and agriculture, this will help to eliminate waste and lower food costs for all residents.

The Local Food Coalition came together with one common goal: to promote the local production of food in a sustainable and economically sound manner to benefit Hawai'i's people through the revitalization and expansion of our state's agricultural sector. This year the Coalition is continuing to pursue this comprehensive approach because it is the most effective way for Hawai'i to develop its resources for diversified food production, as well as lessen its dependence on importing that which can be grown, raised and processed locally.

We believe that working together we can help produce more local food, support an economically strong homegrown agriculture industry, which strengthens our community with fresh, healthy food. Thank you for this opportunity to support these Resolutions.

Respectfully,

Kyle Datta  
General Partner  
Ulupono Initiative

**kawakami3-Benigno**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Sunday, March 30, 2014 10:29 AM  
**To:** CPCtestimony  
**Cc:** cmanfredi@kaufarmandranch.com  
**Subject:** Submitted testimony for HR167 on Mar 31, 2014 14:10PM

**HR167**

Submitted on: 3/30/2014

Testimony for CPC on Mar 31, 2014 14:10PM in Conference Room 325

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Chris Manfredi	Hawaii Farm Bureau	Support	Yes

Comments: Support while underscoring that all agricultural enterprises need to address high costs of production to be competitive. to wit: URGING THE PUBLIC UTILITIES COMMISSION TO ESTABLISH ENERGY EFFICIENCY AND CONSERVATION PROGRAMS FOR ALL AGRICULTURAL ACTIVITIES... Not limited to only those that produce food. Thank you.

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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