

NEIL ABERCROMBIE
Governor



SCOTT E. ENRIGHT
Chairperson, Board of Agriculture

KEN H. KAKESAKO
Deputy to the Chairperson

State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
Honolulu, Hawaii 96814-2512
Phone: (808) 973-9600 FAX: (808) 973-9613

**TESTIMONY OF SCOTT E. ENRIGHT
CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL
PROTECTION AND WATER AND LAND
TUESDAY, MARCH 18, 2014
8:30 A.M.
Room 325**

**HOUSE CONCURRENT RESOLUTION 212/HOUSE RESOLUTION 167
URGING THE PUBLIC UTILITIES COMMISSION TO ESTABLISH ENERGY
EFFICIENCY AND CONSERVATION PROGRAMS AND APPROPRIATE RATE
DESIGN INCENTIVES FOR ELECTRICITY USED OR CONSUMED FOR
AGRICULTURAL ACTIVITIES THAT PRODUCE FOOD FOR LOCAL CONSUMPTION**

Chairpersons Lee and Evans and Members of the Committees:

Thank you for the opportunity to testify on House Concurrent Resolution No. 212 and House Resolution No. 167. These two resolutions request the Public Utilities Commission, the Public Benefits Fee Administrator, and the electric utilities to consider energy efficiency and conservation programs, as well as appropriate rate design incentives for electricity used or consumed for agricultural activities that produce food for local consumption, including eligible agricultural activities of the Department of Agriculture. The Department of Agriculture supports the intent of these resolutions. We agree that savings in energy costs through appropriate design and implementation of programs and incentives efficiency and conservation could help to support Hawaii's diversified agricultural industry.



We did want to raise one question as we are unsure as to what is meant by the phrase “eligible agricultural activities of the Department of Agriculture.” (page 2, lines 1-2).

Thank you, again, for the opportunity to testify on this measure.



Hawaii Cattlemen's Council, Inc.

P O Box 437199 Kamuela HI 96743

Phone (808) 885-5599 • Fax (808) 887-1607

e-mail: HCattlemens@hawaii.rr.com

HOUSE COMMITTEE ON ENERGY & ENVIRONMENT

Tuesday March 18, 2014 8:30 a.m. Room 325

HCR 212/HR 167

URGING THE PUBLIC UTILITIES COMMISSION TO ESTABLISH ENERGY EFFICIENCY AND CONSERVATION PROGRAMS AND APPROPRIATE RATE DESIGN INCENTIVES FOR ELECTRICITY USED OR CONSUMED FOR AGRICULTURAL ACTIVITIES THAT PRODUCE FOOD FOR LOCAL CONSUMPTION.

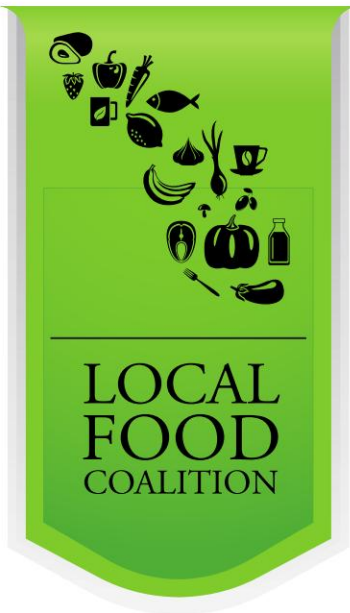
Chair Lee, Vice Chair Thielen and Members of the Committee:

My name is Alan Gottlieb, and I am a rancher and the Government Affairs Chairperson of the Hawaii Cattlemen's Council. The Hawaii Cattlemen's Council, Inc. (HCC) is the Statewide umbrella organization comprised of the five county level Cattlemen's Associations. Our 130+ member ranchers represent over 60,000 head of beef cows; more than 75% of all the beef cows in the State. Ranchers are the stewards of approximately 25% of the State's total land mass.

The Hawaii Cattlemen's Council strongly supports HCR 212/HR 167.

Electrical costs are a significant expenditure for Hawai'i's farmers and ranchers. Agriculture and the movement of water use 10-25 percent of all electrical energy in each of our counties. Any reduction in operating costs for producers are critical for long-term viability. Bona fide farmers and ranchers provide local people with local food and are currently provided a special agricultural water rate. Similarly, lower electricity rates should also be established for Hawai'i's agriculture producers.

We appreciate this opportunity to provide testimony on this matter.



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

HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL P
Tuesday, March 18, 2014 – 8:30 a.m. – Room 3

LATE

RE: HCR 212/HR 167 - Urging the Public Utilities Commission to Establish Energy Efficiency and Conservation Programs and Appropriate Rate Design Incentives for Electricity Used or Consumed for Agricultural Activities that Produce Food for Local Consumption

Dear Chair Lee, Vice Chair Thielen 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/HR 167, 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.

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 Supports All Forms of Agriculture.

As part of the Local Food Coalition, Ulupono is very pleased to support proposals designed to help grow more local food. Our group's members came together last year 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 testify.

Respectfully,

Kyle Datta
General Partner
Ulupono Initiative

Email: communications@ulupono.com