



NEIL ABERCROMBIE
GOVERNOR

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TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

THE TWENTY-SEVENTH LEGISLATURE
REGULAR SESSION OF 2014

MONDAY, FEBRUARY 24, 2014
2:10 P.M.

TESTIMONY OF JEFFREY T. ONO, EXECUTIVE DIRECTOR, DIVISION OF
CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER
AFFAIRS, TO THE HONORABLE ANGUS L.K. MCKELVEY, CHAIR,
AND MEMBERS OF THE COMMITTEE

HOUSE BILL NO. 1939, HD1 - RELATING TO CLEAN ENERGY

DESCRIPTION:

This measure requires that each electric utility company that sells electricity for consumption in the State develop a renewable portfolio standard goal of one hundred per cent of its net electricity sales. It further requires the Public Utilities Commission (Commission) to investigate the feasibility of updating the Hawaii Clean Energy Initiatives Program plans and Renewable Portfolio Standards (RPS) to include benchmarks beyond 2030 and report its findings to the legislature.

POSITION:

The Division of Consumer Advocacy supports the intent of this bill with comments.

COMMENTS:

The Division of Consumer Advocacy supports the integration of increasing levels of renewable energy and acknowledges the benefits of “stretch” goals in order to encourage action.

Hawaii Revised Statutes § 269-95 requires the Commission to provide a report to the Legislature every five years on the Commission’s evaluation of the RPS and whether the standards remain effective and achievable. The Commission will produce studies, such as the one recently conducted by General Electric (GE), which suggest that it is *possible* that Hawaii will be able to meet its 40% RPS goal if certain challenges and uncertainties are addressed. The GE study also suggests that greater levels of renewable energy may be possible, but these higher levels of renewable energy are associated with measures that need to be further evaluated (e.g., interisland electric transmission cable, renewable energy projects in areas that have already expressed concerns).

These studies are integral to the evaluation of the RPS, but these studies focus on a time frame that does not extend beyond 20 years. The data and analysis provided in other venues, such as the integrated resources planning (IRP) process will also contribute to the reassessment of Hawaii’s progress and capability to integrate more renewables. The IRP process is supposed to produce a five-year action plan and a 20-year long range planning horizon.

Thus, utilizing the analyses that will be reflected in the Commission’s recurring legislative report required by HRS § 269-95 and the IRP process and establishing goals that reflect a 20 year horizon will allow better insight into what may be likely, probable, and possible.

The Consumer Advocate supports the intent of this bill to have the State’s electric utilities adopt a RPS goal of 100% without setting a date by which it is to be achieved. The Consumer Advocate further supports the intent of this bill to have the Commission investigate the feasibility of extending the State’s RPS benchmarks beyond 2030.

Thank you for this opportunity to testify.



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

NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

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Statement of
RICHARD C. LIM
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

Monday, February 24, 2014
2:10 PM
State Capitol, Conference Room 325

in consideration of
HB 1939, HD1, RELATING TO CLEAN ENERGY.

Chair McKelvey, Vice Chair Kawakami, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) respectfully offers comments on HB 1939, HD1, which requires the electric utility companies to develop a Renewable Portfolio Standard (RPS) goal of 100% and the Public Utilities Commission (PUC) to investigate the feasibility of updating and extending the Hawaii Clean Energy Initiative program plans and RPS to include benchmarks beyond 2030.

DBEDT supports the intent of this bill and reiterates the Abercrombie Administration's commitment to going beyond our current RPS of 40% by 2030 and supports the Legislature in continuing the discussion of how far and fast Hawaii can "go beyond."

We have particular concerns about Section 2 because the existing Hawaii Revised Statutes (HRS) Section 269-92 codifies *explicit RPS mandates*, which has been a primary driver of Hawaii's clean energy and economic transformation, but HB 1939, HD 1, may conflate these mandated Renewable Portfolio Standards set by the Legislature, with voluntary "RPS goals" that this Section allows an electric utility to establish. Thirty (30) states and the District of Columbia

have enforceable RPS or other mandated renewable capacity policies, and another twenty-six (26) states have established energy savings goals. While these programs vary widely in terms of program structure, enforcement mechanisms, size and application, the common theme is that the goals are not intended to be “pie in the sky” goals but establish a challenge that can be realistically achieved. It is also noteworthy that Hawaii’s current RPS leads the nation at 40% with the next closest being California at 33%.

While DBEDT supports establishing a challenging target to go beyond our current RPS, we advise caution in prescribing an electric utility to establish arbitrary “goals” through legislation and that any analyses informing any future increase to Hawaii’s codified RPS should reflect the State’s energy policy of balancing technical, economic, environmental and cultural considerations, and not be approached strictly on a “renewable energy at any cost” basis.

DBEDT advises that it is premature to propose increasing Hawaii’s mandated RPS without a sound assessment of the viability and cost effectiveness of different RPS levels and setting “RPS goals” in statute are not necessary and may in fact obfuscate Hawaii’s existing strong clean energy foundation.

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
CONSUMER PROTECTION & COMMERCE

FEBRUARY 24, 2014
2:10 p.m.

MEASURE: H.B. No. 1939, H.D. 1
TITLE: Relating to Clean Energy

Chair McKelvey and Members of the Committee:

DESCRIPTION:

H.B. No. 1939, H.D. 1 amends Section 269-92, Hawaii Revised Statutes (“HRS”), regarding Hawaii’s Renewable Portfolio Standards (“RPS”), by requiring that electric utilities establish a “renewable portfolio standard goal” of 100% of its net electricity sales. This measure also requires the Public Utilities Commission (“Commission”) to investigate the feasibility of updating current RPS benchmarks beyond 2030, and to recommend a timeline that includes incremental goals building towards the ultimate goal of a 100% renewable energy portfolio. The results of this investigation are due to the Legislature prior to the start of the 2015 legislative session.

POSITION:

The Commission would like to offer the following comments for the Committee’s consideration.

COMMENTS:

The Commission supports the State’s clean energy policy goals. These policy goals include aggressive RPS requirements established under HRS § 269-92 and associated sections for the development of a diverse portfolio of cost-effective renewable energy resources. The RPS is an effective tool to help drive the State’s clean energy transformation.

However, the Commission questions whether mandating an electric utility to set a goal of 100% renewable energy within an undefined timeline is appropriate in statute. The mandated RPS targets currently in statute are designed to be effective, achievable, and cost effective. At this time, 100% renewable energy can only be viewed as an aspirational goal. As such, a resolution would be a more appropriate vehicle to call for electric utilities to set aspirational goals.

Finally, the Commission requests that the study required by this measure be removed. The Commission currently examines additional RPS targets beyond the current benchmark years (e.g., 2015, 2020, and 2030) as part of its quinquennial RPS review responsibilities under HRS § 269-95. The Commission has suggested in previous testimony that a sliding RPS target could be included as part of its currently-mandated review. For example, the review would examine and recommend a target five or ten years beyond the last RPS target date of 40% by 2030. The additional proposed study would be duplicative and frivolous. However, if the Legislature is inclined to require the study included in this measure, then the Commission requests that its budget ceiling be raised and additional funding be specifically allocated to the Commission to fund this mandated study.

Thank you for the opportunity to testify on this measure.



HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

February 24, 2014, 2:10 P.M.

Room 325

(Testimony is 9 pages long)

TESTIMONY IN STRONG SUPPORT OF HB 1939 HD1, SUGGESTED AMENDMENTS

Chair McKelvey, Vice-Chair Kawakami, and members of the Committee on Consumer Protection & Commerce:

The Blue Planet Foundation strongly supports HB 1939, establishing the next logical step in Hawai'i's energy goals by setting forth the long-term vision for Hawai'i's energy security and independence. We believe this measure will help in long-term energy planning and investment decisions while sending a message to the globe that Hawai'i is committed to a sustainable energy future. Moreover, recent PUC analyses have shown the RPS mechanism (currently with 2030 targets) is effective, and is saving money for ratepayers. HB 1939 ensures that those benefits continue into the future.

We note that under the original version of the bill, preferred by Blue Planet Foundation, the PUC retains oversight over the long-term RPS targets, and may amend or waive those targets if they are not effective and achievable, or if cost-effective renewable energy is not available. That regulatory oversight can help to eliminate any perception that this measure could harm consumers in the future.

Background of Hawai'i's Existing "First Step" RPS Targets

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 1939 is the "**next step**."

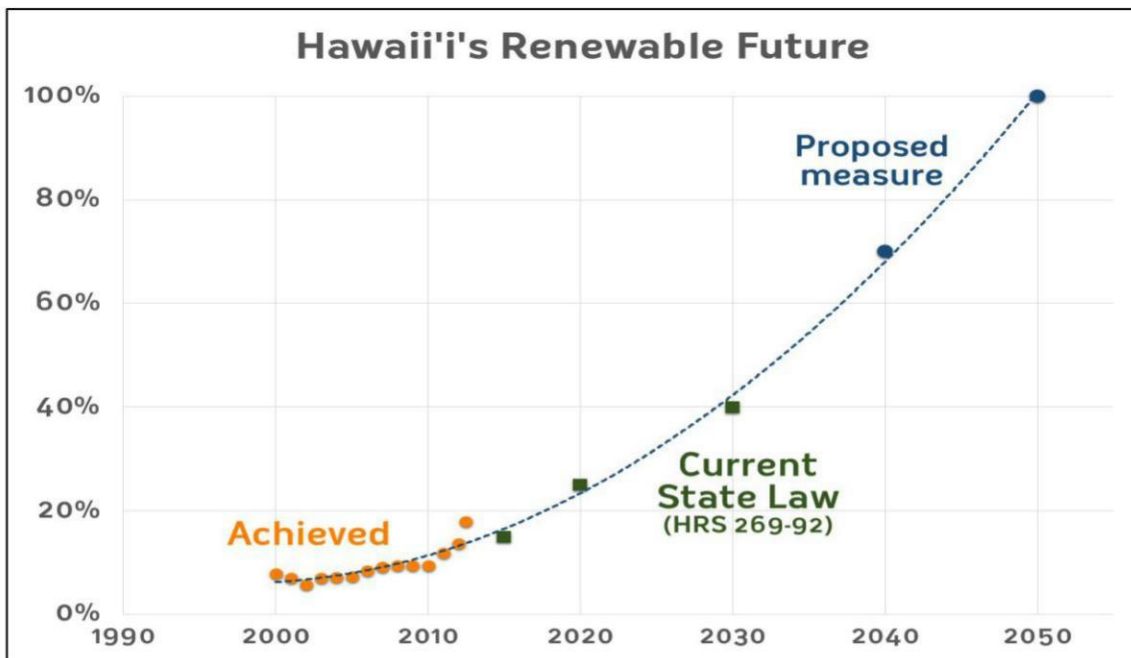
2030—a mere 16 years from now—is not the end of our energy road, and so we must ensure that today's energy decisions are being made with appropriate long-term policy guidance. We must also ensure that today's decisions do not lock us into an energy paradigm that will persist

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.

RPS Targets in Hawaii are Proving to Be Achievable and Effective

Significant progress has been made toward the 2030 target, and **the Public Utilities Commission has reported that the “RPS remains effective in helping the State achieve its policies and objectives with respect to developing renewable energy resources in Hawaii through the 2030 timeframe.”** For 2012, Hawaii Electric Light Company reported that renewable generation accounted for 46.7% of electricity sales. Maui Electric Company reported 20.8%. Hawaiian Electric Company reported 7.6%. Kauai Island Utility Cooperative reported 9.4%. The Hawaiian Electric Companies recently concluded that under the Companies’ preferred resource plans, **“an RPS greater than 40% can be realized well before 2030.”**

The chart below displays Hawai'i's renewable progress to date. You will note that the trend fits naturally through the achieved renewable energy percentages through the existing law to the targets proposed. We believe this acceleration of progress reflects the rapid technological advancement we are currently witnessing and should expect in the coming decades given technology learning curves, innovation, and economies of scale.



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

Renewable Energy in Hawai'i Is Already Saving Ratepayers Money

Under the RPS law, the PUC retains oversight over whether the targets are effective and achievable, and must study that issue every five years. When the concept of a 100% RPS was proposed during the 2013 legislative session, the PUC noted that its first review was to be complete in 2013. That evaluation was recently released, and it included an analysis of whether the RPS targets are cost-effective for ratepayers. **The PUC concluded that the increased use of renewable resources in 2012 saved ratepayers \$66.8 Million.**² The report also stated that there is “no doubt” that Hawaii is further along the path to renewables due to the RPS mechanism.³ Indeed, for 2013 the HECO system has progressed to 18% renewable energy sales, adding to consumers’ energy savings.

This Bill Is Needed to Establish a Long-Term Vision for Hawaii's Energy Independence and Security

To provide long-term guidance and guard against post-2030 stagnation, HB 1939 establishes a new renewable standard target of 100% clean electricity by 2050. That target is consistent with steps already being taken elsewhere. Thirty U.S. states have implemented mandatory RPS targets. Renewable energy targets are also common around the world. The German government’s target looks beyond 2030 (50% by 2030 and 80% by 2050). Denmark’s government has similarly targeted independence from fossil fuels (100% by 2050). 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. Some island nations have already utilized their indigenous renewable resources to supply 100% of electricity, such as Iceland (geothermal) and the Pacific island of Tokelau (solar and biofuel). 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.”**⁴ 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.

² Report to the 2014 Legislature on the Public Utilities Commission Review of Hawaii’s Renewable Portfolio Standards, Dec. 2013, at 17 (“PUC RPS Report”).

³ *Id.* at 18.

⁴ 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>.

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 an amended HB 1939, in the interest of strengthening our economy, making Hawai'i an energy leader, and protecting our keiki from indefinite fossil fuel dependence.

SUGGESTED AMENDMENTS

Blue Planet respectfully requests that HB 1939 HD 1 be replaced with the original version of the bill, with additional language setting an interim target for 2030, and language to ensure that the RPS benefits Hawaii's consumers. Proposed language is included below. Changes to the existing bill / RPS law are noted in red underling.

Thank you for the opportunity to testify.

SECTION 1. The legislature finds that Hawaii's dependency on imported fuel drains our economy of billions of dollars each year. A stronger local economy depends on a transition away from imported fuels and toward renewable local resources that provide a secure source of affordable energy.

The legislature further finds that alternative energy technologies have advanced significantly in recent years leading to an explosion of new markets, jobs, and local energy sources. Due to these and other advances, Hawaii is currently ahead of its timeline in reaching its goal of becoming forty per cent renewable by 2030.

The legislature also finds that Hawaii is in a period of energy transition, with many long-term agreements soon to be executed for new forms of imported fuels that may act as temporary "bridge" fuels until local sources of renewable energy can be developed.

The purpose of this Act is to update and extend Hawaii's clean energy initiative and renewable portfolio standards to

ensure maximum long-term benefit to Hawaii's economy by setting a goal to be one hundred per cent renewable by 2050, and simultaneously ensuring that this transition to energy independence is undertaken in a way that benefits Hawaii's economy and does not induce renewable energy developers to artificially increase the price of renewable energy in Hawaii. This target will ensure that Hawaii moves beyond its dependence on imported fuels and continues to grow a local renewable energy industry.

SECTION 2. Section 269-92, Hawaii Revised Statutes, is amended by amending subsections (a) and (d) to read as follows:

"(a) Each electric utility company that sells electricity for consumption in the State shall establish a renewable portfolio standard of:

- (1) Ten per cent of its net electricity sales by December 31, 2010;
- (2) Fifteen per cent of its net electricity sales by December 31, 2015;
- (3) Twenty-five per cent of its net electricity sales by December 31, 2020; [and]
- (4) Forty per cent of its net electricity sales by December 31, 2030[-];
- (5) Seventy per cent of its net electricity sales by December 31, 2040; and
- (6) One hundred per cent of its net electricity sales by December 31, 2050."

(b) The public utilities commission may establish standards for each utility that prescribe what portion of the renewable

portfolio standards shall be met by specific types of renewable energy resources; provided that:

(1) Prior to January 1, 2015, at least fifty per cent of the renewable portfolio standards shall be met by electrical energy generated using renewable energy as the source, and after December 31, 2014, the entire renewable portfolio standard shall be met by electrical generation from renewable energy sources;

(2) Beginning January 1, 2015, electrical energy savings shall not count toward renewable energy portfolio standards;

(3) Where electrical energy is generated or displaced by a combination of renewable and nonrenewable means, the proportion attributable to the renewable means shall be credited as renewable energy; and

(4) Where fossil and renewable fuels are co-fired in the same generating unit, the unit shall be considered to generate renewable electrical energy (electricity) in direct proportion to the percentage of the total heat input value represented by the heat input value of the renewable fuels.

(c) If the public utilities commission determines that an electric utility company failed to meet the renewable portfolio standard, after a hearing in accordance with chapter 91, the utility shall be subject to penalties to be established by the public utilities commission; provided that if the commission determines that the electric utility company is unable to meet the renewable portfolio standards due to reasons beyond the reasonable control of an electric utility, as set forth in subsection (d), the commission, in its discretion, may waive in whole or in part any otherwise applicable penalties.

(d) Events or circumstances that are outside of an electric utility company's reasonable control may include, to the extent the event or circumstance could not be reasonably foreseen and ameliorated:

(1) Weather-related damage;

(2) Natural disasters;

(3) Mechanical or resource failure;

(4) Failure of renewable electrical energy producers to meet contractual obligations to the electric utility company;

(5) Labor strikes or lockouts;

(6) Actions of governmental authorities that adversely affect the generation, transmission, or distribution of renewable electrical energy under contract to an electric utility company;

(7) Inability to acquire sufficient renewable electrical energy due to lapsing of tax credits related to renewable energy development;

(8) Inability to obtain permits or land use approvals for renewable electrical energy projects;

(9) Inability to acquire sufficient cost-effective renewable electrical energy;

(10) Inability to acquire sufficient renewable electrical energy in a manner that is beneficial to Hawaii's economy in relation to comparable fossil fuel resources.

(11) Substantial limitations, restrictions, or prohibitions on utility renewable electrical energy projects; and

(12) Other events and circumstances of a similar nature.

SECTION 3. Section 269-95, Hawaii Revised Statutes, is amended by amending subsection (3) as follows:

"(1) By December 31, 2007, develop and implement a utility ratemaking structure, which may include performance-based ratemaking, to provide incentives that encourage Hawaii's electric utility companies to use cost-effective renewable energy resources found in Hawaii to meet the renewable portfolio standards established in section 269-92, while allowing for deviation from the standards in the event that the standards cannot be met in a cost-effective manner or as a result of events or circumstances, such as described in section 269-92(d), beyond the control of the utility that could not have been reasonably anticipated or ameliorated;

(2) Gather, review, and analyze empirical data to:

- (A) Determine the extent to which any proposed utility ratemaking structure would impact electric utility companies' profit margins; and
- (B) Ensure that the electric utility companies' opportunity to earn a fair rate of return is not diminished;

(3) Use funds from the public utilities special fund to contract with the Hawaii natural energy institute of the University of Hawaii to conduct independent studies to be reviewed by a panel of experts from entities such as the United States Department of Energy, National Renewable Energy Laboratory, Electric Power Research Institute, Hawaii electric utility companies, environmental groups, and other similar institutions with the required expertise. These studies shall include findings and recommendations regarding:

- (A) The capability of Hawaii's electric utility companies to achieve renewable portfolio standards in a cost-effective manner and shall assess factors such as:
 - (i) The impact on consumer rates;
 - (ii) Utility system reliability and stability;
 - (iii) Costs and availability of appropriate renewable energy resources and technologies, including the impact of renewable portfolio standards, if any, on the energy prices offered by renewable energy developers;
 - (iv) Permitting approvals;
 - (v) Effects on the economy;
 - (vi) Balance of trade, culture, community, environment, land, and water;
 - (vii) Climate change policies;
 - (viii) Demographics; and
 - (ix) Other factors deemed appropriate by the commission; and
- (B) Projected renewable portfolio standards to be set five and ten years beyond the then current standards;

(4) Evaluate 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; and

(5) Report its findings and revisions to the renewable portfolio standards, based on its own studies and other information to the legislature no later than twenty days before the convening of the regular session of 2014, and every five years thereafter.

LATE

HOUSE OF REPRESENTATIVES
TWENTY-SEVENTH LEGISLATURE, 2014
STATE OF HAWAII

H.B. NO. 1939
H.D. 2
DRAFT

A BILL FOR AN ACT

RELATING TO CLEAN ENERGY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that Hawaii's dependency
2 on imported fuel drains our economy of billions of dollars each
3 year. A stronger local economy depends on a transition away
4 from imported fuels and toward renewable local resources that
5 provide a secure source of affordable energy.

6 The legislature further finds that alternative energy
7 technologies have advanced significantly in recent years leading
8 to an explosion of new markets, jobs, and local energy sources.
9 Due to these and other advances, Hawaii is currently ahead of
10 its timeline in reaching its goal of becoming forty per cent
11 renewable by 2030.

12 The legislature also finds that Hawaii is in a period of
13 energy transition, with many long-term agreements soon to be
14 executed for new forms of imported fuels that may act as
15 temporary "bridge" fuels until local sources of renewable energy
16 can be developed.

1 The purpose of this Act is to update and extend Hawaii's
2 clean energy initiative and renewable portfolio standards to
3 ensure maximum long-term benefit to Hawaii's economy by setting
4 a goal to be one hundred per cent renewable by 2050, **provided**
5 **that this transition to energy independence is undertaken in a**
6 **way that benefits Hawaii's economy and all electric customers,**
7 **maintains customer affordability, and does not induce renewable**
8 **energy developers to artificially increase the price of**
9 **renewable energy in Hawaii.** This target will ensure that Hawaii
10 moves beyond its dependence on imported fuels and continues to
11 grow a local renewable energy industry.

12 SECTION 2. Section 269-92, Hawaii Revised Statutes, is
13 amended to read as follows:

14 "**§269-92 Renewable portfolio standards.** (a) Each
15 electric utility company that sells electricity for consumption
16 in the State shall establish a renewable portfolio standard of:

17 (1) Ten per cent of its net electricity sales by December
18 31, 2010;

19 (2) Fifteen per cent of its net electricity sales by
20 December 31, 2015;

21 (3) Twenty-five per cent of its net electricity sales by
22 December 31, 2020; [~~and~~]

1 (4) Forty per cent of its net electricity sales by
2 December 31, 2030[-];

3 (5) Seventy per cent of its net electricity sales by
4 December 31, 2040; and

5 (4) One hundred per cent of its net electricity sales by
6 December 31, 2050.

7 (b) The public utilities commission may establish
8 standards for each utility that prescribe what portion of the
9 renewable portfolio standards shall be met by specific types of
10 renewable energy resources; provided that:

11 (1) Prior to January 1, 2015, at least fifty per cent of the
12 renewable portfolio standards shall be met by
13 electrical energy generated using renewable energy as
14 the source, and after December 31, 2014, the entire
15 renewable portfolio standard shall be met by
16 electrical generation from renewable energy sources;

17 (2) Beginning January 1, 2015, electrical energy savings
18 shall not count toward renewable energy portfolio
19 standards;

20 (3) Where electrical energy is generated or displaced by a
21 combination of renewable and nonrenewable means, the

1 proportion attributable to the renewable means shall
2 be credited as renewable energy; and

3 (4) Where fossil and renewable fuels are co-fired in the
4 same generating unit, the unit shall be considered to
5 generate renewable electrical energy (electricity) in
6 direct proportion to the percentage of the total heat
7 input value represented by the heat input value of the
8 renewable fuels.

9 (c) If the public utilities commission determines that an
10 electric utility company failed to meet the renewable portfolio
11 standard, after a hearing in accordance with chapter 91, the
12 utility shall be subject to penalties to be established by the
13 public utilities commission; provided that if the commission
14 determines that the electric utility company is unable to meet
15 the renewable portfolio standards due to reasons beyond the
16 reasonable control of an electric utility, as set forth in
17 subsection (d), the commission, in its discretion, may waive in
18 whole or in part any otherwise applicable penalties.

19 (d) Events or circumstances that are outside of an
20 electric utility company's reasonable control may include, to
21 the extent the event or circumstance could not be reasonably
22 foreseen and ameliorated:

HB1939 HD2 DRAFT
HB1939 HD2 DRAFT
HB1939 HD2 DRAFT

- 1 (1) Weather-related damage;
- 2 (2) Natural disasters;
- 3 (3) Mechanical or resource failure;
- 4 (4) Failure of renewable electrical energy producers to
- 5 meet contractual obligations to the electric utility
- 6 company;
- 7 (5) Labor strikes or lockouts;
- 8 (6) Actions of governmental authorities that adversely
- 9 affect the generation, transmission, or distribution
- 10 of renewable electrical energy under contract to an
- 11 electric utility company;
- 12 (7) Inability to acquire sufficient renewable electrical
- 13 energy due to lapsing of tax credits related to
- 14 renewable energy development;
- 15 (8) Inability to obtain permits or land use approvals for
- 16 renewable electrical energy projects;
- 17 (9) Inability to acquire sufficient cost-effective
- 18 renewable electrical energy;

19 **(10) Inability to acquire sufficient renewable electrical**
 20 **energy in a manner that is beneficial to Hawaii's**
 21 **economy in relation to comparable fossil fuel**
 22 **resources;**

- 1 (11) Substantial limitations, restrictions, or prohibitions
2 on utility renewable electrical energy projects; and
3 (12) Other events and circumstances of a similar nature.

4 SECTION 3. Section 269-95, Hawaii Revised Statutes, is
5 amended by amending subsection (3) as follows:

6 "(1) By December 31, 2007, develop and implement a
7 utility ratemaking structure, which may include performance-
8 based ratemaking, to provide incentives that encourage Hawaii's
9 electric utility companies to use cost-effective renewable
10 energy resources found in Hawaii to meet the renewable portfolio
11 standards established in section 269-92, while allowing for
12 deviation from the standards in the event that the standards
13 cannot be met in a cost-effective manner or as a result of
14 events or circumstances, such as described in section 269-92(d),
15 beyond the control of the utility that could not have been
16 reasonably anticipated or ameliorated;

17 (2) Gather, review, and analyze empirical data to:
18 (A) Determine the extent to which any proposed
19 utility ratemaking structure would impact electric
20 utility companies' profit margins; and

1 (B) Ensure that the electric utility companies'
2 opportunity to earn a fair rate of return is not
3 diminished;

4 (3) Use funds from the public utilities special fund to
5 contract with the Hawaii natural energy institute of the
6 University of Hawaii to conduct independent studies to be
7 reviewed by a panel of experts from entities such as the
8 United States Department of Energy, National Renewable
9 Energy Laboratory, Electric Power Research Institute,
10 Hawaii electric utility companies, environmental groups,
11 and other similar institutions with the required expertise.
12 These studies shall include findings and recommendations
13 regarding:

14 (A) The capability of Hawaii's electric utility
15 companies to achieve renewable portfolio standards in
16 a cost-effective manner and shall assess factors such
17 as:

18 (i) The impact on consumer rates;

19 (ii) Utility system reliability and stability;

20 (iii) Costs and availability of appropriate
21 renewable energy resources and technologies,

22 including the impact of renewable portfolio

1 standards, if any, on the energy prices offered
2 by renewable energy developers;

3 (iv) Permitting approvals;

4 (v) Effects on the economy;

5 (vi) Balance of trade, culture, community,
6 environment, land, and water;

7 (vii) Climate change policies;

8 (viii) Demographics; and

9 (ix) Other factors deemed appropriate by the
10 commission; and

11 (B) Projected renewable portfolio standards to be set
12 five and ten years beyond the then current standards;

13 (4) Evaluate the renewable portfolio standards every five
14 years, beginning in 2013, and may revise the standards
15 based on the best information available at the time to
16 determine if the standards established by section 269-
17 92 remain effective and achievable; and

18 (5) Report its findings and revisions to the renewable
19 portfolio standards, based on its own studies and
20 other information to the legislature no later than
21 twenty days before the convening of the regular
22 session of 2014, and every five years thereafter.

1 SECTION 4. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 5. This Act shall take effect upon its approval.

Report Title:

Renewable Portfolio Standards; Energy Independence

Description:

Increases renewable portfolio standards to seventy per cent by 2040 and one hundred per cent by 2050.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

kawakami3-Benigno

From: mailinglist@capitol.hawaii.gov
Sent: Friday, February 21, 2014 9:31 AM
To: CPCtestimony
Cc: carl.campagna@kamakagreen.com
Subject: Submitted testimony for HB1939 on Feb 24, 2014 14:10PM

HB1939

Submitted on: 2/21/2014

Testimony for CPC on Feb 24, 2014 14:10PM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Carl	Individual	Support	No

Comments: Mahalo Rep Lee for your consideration and introduction of this bill. I am in full support of this bill and urge its passing. It is necessary that we maintain the foresight and vision for the Energy Security of our Islands that the HCEI initiated. I recommend that we place various degrees of enforcement and regulation onto the Utility for the implementation ensuring that all people who desire relief from rising energy costs can participate.

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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kawakami3-Benigno

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 19, 2014 3:43 PM
To: CPCtestimony
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for HB1939 on Feb 24, 2014 14:10PM*

HB1939

Submitted on: 2/19/2014

Testimony for CPC on Feb 24, 2014 14:10PM in Conference Room 325

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

Comments:

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HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

February 24, 2014, 2:10 P.M.
(Testimony is 1 page long)

TESTIMONY IN SUPPORT OF HB 1939 HD1

Aloha Chair McKelvey and Members of the Committees:

The Sierra Club of Hawai'i, with over 12,000 dues paying members and supporters statewide, **supports** HB 1939 HD1. This measure maps a pathway to 100% clean energy in Hawai'i. We respectfully prefer the original version of this bill — some time frame should be established by the Legislature so as to ensure these goals are actually implemented.

The amount of accessible energy from the sun and wind is far greater than what the entire world is projected to need in coming decades. The key word there is accessible. We already know how to reap that energy bounty -- worldwide -- with technology that already exists (and will only get even better). Renewable energy is now cheaper than any other source of power in most parts of the United States. For example, Excel Energy in Colorado — the largest utility, which serves 2/3 of the population — just rejected a LNG plant because solar power is less expensive. The cost of wind is down 50 percent since 2009, and solar panels are down 80 percent since 2008. This trend will only gain momentum. That's why we're seeing places like Spain and Denmark now get more power from wind than any other source.

This isn't speculation. Scientists and engineers have crunched the numbers and shown that it's doable: a 100 percent clean-energy economy. Mark Z. Jacobson and Mark A. Delucchi, professors at Stanford and U.C. Davis, respectively, published an article in Scientific American five years ago that showed how the world could be powered by clean energy within decades. Last year, they published an even more detailed plan, in Energy Journal, for how the state of New York could switch to 100 percent clean energy by 2050. They've since produced draft plans for California and Washington, as well.

Read these plans, and you'll know right away that they aren't fanciful. Resources, technology, and economics are all taken into account: We can do this. If we know we can achieve 100 percent clean energy, why would we settle for less? Is there a single good reason to rely on coal, oil, or natural gas if we don't have to?

Mahalo for the opportunity to testify.



Directors

Jody Allione
Silver Ridge

Joe Boivin
Hawaii Gas

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 CONSUMER PROTECTION AND COMMERCE

HB 1939 HD1, RELATING TO CLEAN ENERGY

February 24, 2014

Chair McElvey, Vice-Chair Kawakami 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 SB 1939 HD1 are to (i) require that each electric utility company that sells electricity for consumption in the State develop a renewable portfolio standard goal of one hundred per cent of its net electricity sales, and (ii) require the Public Utilities Commission to investigate the feasibility of updating the Hawaii Clean Energy Initiatives Program plans and Renewable Portfolio Standards to include benchmarks beyond 2030 and report its findings to the legislature.

HREA **strongly supports** this measure with the following comments and recommendations.

- 1) Comments. Finally, we have arrived at the point where we can say we will be “fossil-free” by “date certain.” We note that:
 - a) We would prefer to be fossil-free by 2023, 2033, or 2043, but we can live with 2050.
 - b) With passage of this measure into law, we will finally be able to say “this is who we are and what we do.”
 - c) Perhaps we don’t know exactly how we will get there...sort of like when President Kennedy said we will go to the moon and return before the end of the decade.
 - d) So, let’s roll up our sleeves and take the next big steps for Hawaii.
- 2) Recommendations: We recommend the committee pass this measure out “as is”.

Mahalo for this opportunity to testify.

LATE



LIFE OF THE LAND

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COMMITTEE ON CONSUMER PROTECTION & COMMERCE
Rep. Angus L.K. McKelvey, Chair
Rep. Derek S.K. Kawakami, Vice Chair

DATE: Monday, February 24, 2014
TIME: 2:10 PM
PLACE: Conference Room 325

Re: HB 1939 HD 1 RPS (a.k.a. The Fossil Fuel Protection Act) **Oppose**

Aloha Chair McKelvey, Vice Chair Kawakami and Members of the Committee

This bill does NOT do what you think it does

Assume MECO supplies 25% of the county's electricity with generators powered by 100% fossil fuel. Ratepayers generate the other 75% with rooftop solar.

Then MECO's RPS = 300% (RE/Sales = 75/25 = 3)

Rooftop solar counts as renewable energy (*HRS §269-91*)
RPS = Renewable Energy divided by Utility Sales (*HRS §269-92*)

This bill protects the fossil fuel industry.

The definition of "percent" needs to be fixed. The definition of "renewable energy" needs to be exclude all fossil fuels and high-climate-impact renewable fuels.