

**NEIL ABERCROMBIE**  
Governor



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

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

State of Hawaii  
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**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.

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

MARCH 18, 2014

8:30 a.m.

**MEASURE:** H.C.R. No. 212/H.R. No. 167

**TITLE:** 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 and Members of the Committee:

**DESCRIPTION:**

This resolution urges the Public Utilities Commission (“Commission”) to work with the Public Benefits Fee Administrator (“PBFA”) and Hawaii’s 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.

**POSITION:**

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

**COMMENTS:**

The Commission supports providing energy efficiency and conservation programs for agricultural activities in the State. However, as currently written, the intent of these measures are unclear. Attached for the Committee’s perusal is a proposed House Draft 1 which 1) urges the Commission to direct the Public Benefits Fee Administrator to design energy efficiency and conservation programs specific to the agricultural sector and 2) urges the Commission and Hawaii’s utilities to design incentives for agricultural uses that can utilize off-peak times or participate in demand response programs.

Thank you for the opportunity to testify on this measure.

# H.C.R. NO. 212/H.R. NO. 167

[Proposed H.D. 1]

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## HOUSE CONCURRENT RESOLUTION

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.

1           WHEREAS, expanding the agricultural sector in Hawaii is  
2 essential to gaining self-sufficiency and food sustainability in  
3 the State; and

4           WHEREAS, energy is a major cost component for those seeking  
5 to enter or sustain a business in the agricultural industry and  
6 rising energy costs have adversely impacted business viability  
7 and feasibility; and

8           WHEREAS, properly designed programs for energy efficiency  
9 and conservation, as well as properly designed incentives to  
10 encourage agricultural activities such as irrigation, water  
11 pumping, refrigeration, and cooling to be shifted to off-peak  
12 times or otherwise participate in demand response programs could

# H.C.R. NO. 212/H.R. NO. 167

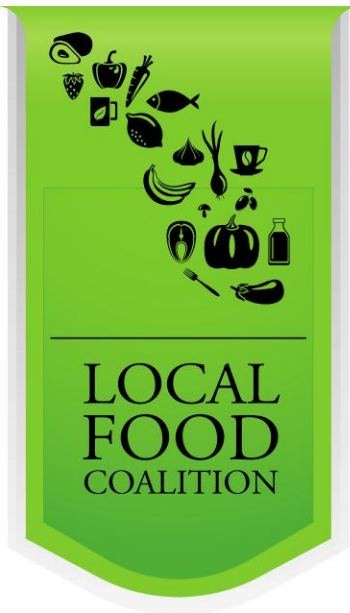
[Proposed H.D. 1]

1 optimize the efficiency of the electric grid and benefit all  
2 electricity customers; and

3 WHEREAS, efficiency and conservation programs and  
4 appropriate incentives can help to support the long-term  
5 viability and growth of agriculture in the State; now,  
6 therefore,

7 BE IT RESOLVED by the House of Representatives of the  
8 Twenty-seventh Legislature of the State of Hawaii, Regular  
9 Session of 2014, the Senate concurring, that the Public  
10 Utilities Commission is urged to direct the Public Benefits Fee  
11 Administrator to consider energy efficiency and conservation  
12 programs to assist the agricultural sector, and to direct  
13 Hawaii's electric utilities to offer incentives for agricultural  
14 activities that can be shifted to off-peak times or are  
15 available to participate in demand response programs; and

16 BE IT FURTHER RESOLVED that certified copies of this  
17 Concurrent Resolution be transmitted to the Chairperson of the  
18 Public Utilities Commission, Program Director of the Public  
19 Benefits Fee Administrator, Chairperson of the Board of  
20 Agriculture, and the President of each electric utility company  
21 operating in Hawaii.



HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION  
Tuesday, March 18, 2014 – 8:30 a.m. – Room 325

**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.*

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



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](mailto:communications@ulupono.com)