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TO THE SENATE COMMITTEE ON WAYS AND MEANS

THE TWENTY-SEVENTH LEGISLATURE
REGULAR SESSION OF 2014

WEDNESDAY, FEBRUARY 19, 2014
9:15 A.M.

COMMENTS OF JEFFREY T. ONO, EXECUTIVE DIRECTOR, DIVISION OF
CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER
AFFAIRS, TO THE HONORABLE DAVID Y. IGE, CHAIR, AND MEMBERS OF THE
COMMITTEE

SENATE BILL NO. 2934 S.D. 1 - RELATING TO RENEWABLE ENERGY

DESCRIPTION:

This version of the measure proposes to enable the Public Utilities Commission ("PUC") to establish community-based renewable energy tariffs to make the benefits of renewable energy more accessible to a greater number of Hawaii residents.

POSITION:

The Division of Consumer Advocacy ("Consumer Advocate") strongly supports the intent of this bill.

COMMENTS:

Thus far, distributed renewable energy systems, such as solar photovoltaic ("PV") systems, have been available only to those who can afford the significant upfront cash payment that is required for system installation. A large segment of Hawaii's population has been locked out of this market for a number of reasons, including

Senate Bill No. 2934 S.D. 1
Senate Committee on Ways and Means
Wednesday, February 20, 2014, 9:15 a.m.
Page 2

economic factors, living in multi-family dwellings, significant shading over their rooftops, and rooftop construction that does not allow for solar PV installation. Properly designed community-based renewable energy tariffs have the potential to provide significant energy cost-savings to this under-served market while not unfairly shifting cost burdens to non-participants. It also opens up access to affordable renewable energy to schools and community organizations that might otherwise be unable to participate in renewable energy self-generation programs.

The Consumer Advocate strongly supports the intent of this bill. The Consumer Advocate appreciates the proposed language in the SD 1 version that provides the PUC full discretion over key terms of the tariff, such as pricing, the treatment of bill credits, or other charges, as opposed to prescriptive legislative language that might result in unintended consequences. By establishing legislative guidance, without specific reference to costs and pricing terms, this allows the PUC to implement a regulatory process that would allow for input from all interested and affected stakeholders to develop the appropriate tariff or tariffs through an open and transparent process.

Thank you for this opportunity to offer comments.



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

NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
DIRECTOR

MARY ALICE EVANS
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Statement of
RICHARD C. LIM
Director
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON WAYS AND MEANS
Wednesday, February 19, 2014
9:15 AM
State Capitol, Conference Room 211

in consideration of
SB 2934, SD1
RELATING TO RENEWABLE ENERGY.

Chair Ige, Vice Chair Kidani, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) respectfully offers comments on SB 2934, SD1, which allows the Public Utilities Commission (PUC) to establish community-based renewable energy tariffs.

DBEDT supports the intent of this bill to promote broader participation in the economic, environmental, and societal benefits of renewable energy, especially for those individuals and households who are currently unable to directly participate in the clean energy economy. Further, facilitating increased renewable energy generation can help us achieve our State's clean energy mandates.

Because of the technical and regulatory complexities relating to any broad implementation of this innovative renewable energy development structure, DBEDT supports the approach in SB 2934, SD1, to establish clear Legislative policy intent to guide the PUC to enable community-based renewable energy programs in the most appropriate manner.

DBEDT respectfully defers to the PUC for comment on the regulatory matters contained in this bill.

Thank you for the opportunity to offer these comments.

Testimony before the
Senate Committee on Ways and Means

S.B. 2934 S.D. 1– Relating to Renewable Energy

Wednesday, February 19, 2014

By Keiki-Pua S. Dancil, Ph.D.
Director, Business Strategy Development
Hawaiian Electric Company, Inc.

Chair Ige, Vice Chair Kidani, and Members of the Committee:

Hawaiian Electric Company and its subsidiaries, Maui Electric Company and Hawaii Electric Light Company, support S.B. 2934 S.D. 1 which establishes a community-based renewable energy tariff (CBRET) to be applied to services provided to customers by an electric utility for the purpose of encouraging the widespread adoption of cost-competitive renewable energy technology.

Hawaiian Electric and its subsidiaries support options for ALL residential customers; a community-based renewable energy program is just one of the many options that will increase access of clean energy to Hawai'i residents. There are several different models of community-based renewable energy programs, all of which are intended to provide greater access to customers who want to invest in and benefit from solar PV but who may not have the opportunity to install PV at their residences, such as residents of high-rises. We are interested in exploring a community-based renewable energy program model that offers the potential for providing lower cost renewable energy and economic benefits to ALL customers (not just those investing in a community-based renewable energy project) that can be safely and reliably integrated into our grid.

Hawaiian Electric and its subsidiaries request that this measure, S.B. 2934 S.D. 1 move forward as proposed.

Thank you for the opportunity to testify.

TESTIMONY OF HERMINA MORITA
CHAIR, PUBLIC UTILITIES COMMISSION
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE
SENATE COMMITTEE ON WAYS & MEANS

FEBRUARY 19, 2014
9:15 a.m.

MEASURE: S.B. No. 2934, S.D. 1

TITLE: Relating to Renewable Energy

Chair Ige and Members of the Committee:

DESCRIPTION:

This measure would add a new section to Chapter 269, Hawaii Revised Statutes, to authorize the Public Utilities Commission ("Commission") to establish community-based renewable energy tariffs by which utility customers who have invested in renewable energy generation facilities are allowed to receive payment from the utility for electricity produced by those facilities.

POSITION:

The Commission supports the intent of a tariff structure to enable new energy programs. The Commission would like to offer the following comments.

COMMENTS:

The Commission supports the amendments made to this measure by the Senate Committee on Energy & Environment, which provide the Commission with supporting policy guidance – rather than prescriptive statutory provisions – for instituting new programs, like community solar projects, whose business models may not yet be mature. As technology and the renewable energy industry continue to change, it is best that the Commission maintain a level of administrative flexibility. The current Senate Draft 1 provides the Commission with that flexibility, while still providing clear guidance to encourage the Commission and other stakeholders in establishing community-based renewable energy programs.

Thank you for the opportunity to provide comments on this measure.



SENATE COMMITTEE ON WAYS AND MEANS

February 19, 2014, 9:15 A.M.

Room 211

(Testimony is 5 pages long)

TESTIMONY IN STRONG SUPPORT OF SB 2934 SD1

Chair Ige, Vice Chair Kidani, and members of the Ways and Means Committee:

The Blue Planet Foundation strongly supports SB 2934 SD1, establishing a community renewables program to expand the number of Hawai'i residents who can participate in the benefits of clean energy. This measure would allow residents to benefit from solar and wind energy systems—even if those systems are not sited on their property.

While Blue Planet requests that this committee advance this measure, we strongly recommend that the SD1 be amended to include key elements from the original measure. Those key elements are 1) directly establishing a community renewables program (instead of waiting for future action); 2) ensuring a broad, market-competitive program where any eligible party can propose community renewables projects; and 3) providing further policy guidance to create a successful, fair program for all ratepayers.

Community Renewables can help to ensure that renewable energy is accessible for many Hawaii residents, businesses, and agencies who cannot currently take advantage of energy cost savings available from solutions like rooftop solar photovoltaic energy. Community-based renewable energy boosts private investment in our green energy infrastructure while it maximizes the flexibility of our clean energy solutions. In doing so, it benefits all Hawai'i residents by reducing the amount of money we send out of the state to pay for imported fossil fuels.

Community Renewables in the original version of SB 2934 better ensures equality and opportunity

The original version of SB 2934 is preferable to the current draft in three key ways. First, the original version *enables anyone* (a community group, a renewable energy developer, a land or building owner, etc.) to propose a community renewables project (subject to approved

interconnection requirements)—not just the electric utility. This truly enables the democratization of our renewable energy resources and ensures a market-competitive program to lower the cost of energy for ratepayers. Second, the original version of SB 2934 *directly establishes* a program and provides guidance on how the program should function, ensuring that any subsequent regulatory processes occur within a policy framework for a fair and broad program. Finally, the original bill makes it clear that the legislation will not preclude an electric utility from developing and implementing their own community renewables program without legislation—it simply establishes a framework for *others* to develop projects and *broaden the competitive renewable landscape*.

Hawaii households, businesses, and public agencies need a Community Renewables program because our current system leaves many unable to participate directly in renewable energy cost savings

Tens of thousands of Hawaii ratepayers have been able to use solar power and other technologies to break free from energy costs being driven upward by fossil fuels. Unfortunately, many individuals and households are currently unable to directly participate in renewable energy because of their location, building type, access to the electric utility grid, or other impediments. For example, (a) it may be difficult for a single condominium owner to install solar panels, without a wider installation on behalf of the entire condominium; (b) it may be difficult for homeowners with shaded roofs to harness as much of the sun's energy as their neighbors; or (c) a homeowner may find that the utility is limiting the amount of energy from the homeowner's particular circuit. All of these situations can be addressed with community-based renewable energy.

Community Renewables unlocks renewable energy solutions, improves our economy, and benefits our electrical grid

Community Renewables allows residents to join together to find energy solutions. For example, several condominium owners in different buildings may collectively install solar panels in another location with spare rooftop capacity. Even larger communities can join together to install renewable energy in ways that are most effective and efficient for their particular community. Or public agencies, such as schools, colleges, universities, and local governments will have more flexibility to access renewable energy across their systems. The cost savings can benefit important educational programs, social services, and new hiring.

Community Renewables can also help make our energy system more robust, by evening out the distribution of renewable energy on the grid. For example, homeowners on a crowded circuit can install solar panels on another circuit, and receive the credit against their energy bill. By promoting renewable energy on under-utilized circuits, it can help the utility to operate our

electrical system more effectively and efficiently. In addition to these benefits, group net metering creates new construction jobs, stimulates the economy, reduces emissions of greenhouse gases, promotes energy independence, and will assist in meeting and exceeding the state's clean energy goals.

Community Renewables is spreading across the country—don't let Hawai'i fall behind

Community Renewables is an innovative solution that is already happening in at least ten other states, such as California, Colorado, Massachusetts, Washington, Maryland, and Maine.¹ There is no reason Hawaii shouldn't enable its residents to do the same thing.

For all of these reasons, it is in the public interest to promote this type of broader participation in renewable generation by Hawaii residents, public agencies, and businesses. For many homeowners with large roofs, solar electricity is a no-brainer. But for many residents, solar power is simply out of reach because of roof space, circuit saturation, or other issues. The policy proposed in SB 2934 brings more social equality to our clean energy policy. Everyone should be able to participate in Hawai'i's clean energy future.

Further, failure to act on this policy in 2014 means that the majority of Hawai'i residents will have to wait another year (or perhaps longer, if a lengthy regulatory process ensues) to directly participate in the benefits of renewable energy. Such a delay means that these residents and businesses will unlikely be able to take advantage of the 30% federal tax credit which is scheduled to sunset at the end of 2016. This means that those who have been left out of the distributed renewable energy boom will be further disadvantaged by being potentially locked out of federal tax benefits.

¹ The U.S. Dep't of Energy's National Renewable Energy Laboratory has reported on elements of these programs, <http://www.nrel.gov/docs/fy11osti/49930.pdf>.

The following pages contain an “FAQ” on community renewables and a supporting article from Pacific Business News.

Community-based renewable energy FAQ

Q: Why is community renewables necessary?

A: While solar has been an incredible success story in Hawaii, the majority of residents simply cannot directly participate in renewable energy because of their lack of access to a suitable rooftop for solar, such as many of the 40% of residents who live in multi-unit housing such as condos, or those whose roofs are shaded or otherwise incapable of supporting solar. Community-based renewable energy allows residents to invest in and benefit from solar and wind energy systems—even if those systems weren't directly on their property. It's a matter of fairness and equality. Everyone should be able to participate in Hawaii's clean energy future, not just those fortunate enough to have a big roof over their heads.

Q: What are the benefits of community renewables?

Aside from making Hawaii's clean energy policies more equitable, community renewables can bring real economic value to those who need it the most. Under California's Multifamily Affordable Solar Housing program (established in 2008, now with 7 MW installed, and 13 MW signed up), community renewables is estimated to save low income households 30% on their electric bills.

Q: Is anyone else doing community renewables?

A: Yes, as of November 2010, utilities, public utility commissions, and communities in California, Florida, Arizona, Utah, Colorado, Washington, Vermont, Massachusetts, Maryland, and Maine had all taken steps to adopt innovative community renewables programs. According a report by the U.S. Dep't of Energy National Renewable Energy Laboratory (NREL), the Interstate Renewable Energy Council (IREC) examined “the various community solar approaches that have been implemented thus far,” to develop “model” rules for community based renewable energy programs. These model rules could be used to develop a program for Hawaii.

Q: Aren't there other approaches to solve the same problem of lack of access to renewable energy?

A: Yes, there are, such as a utility-sponsored “green pricing” program. But this is not available in Hawaii and there are no current plans to make such a program available. Moreover, a community-based renewable energy program would empower residents to take control of their energy situation with their own resources, leveraging the efficiency of efficiency of the market.

OUR VIEW

Solar gardens can make everyone a winner



A proven technology that is gaining popularity on the Mainland deserves some serious consideration here in Hawaii,

where the sun is part of our brand identity.

The concept is especially important on Oahu as we grow upward with high-rise condominium towers that offer their residents few options for renewable energy.

We're talking about community solar gardens, which enable businesses and residents to invest in renewable energy by subscribing to a solar electric array that is connected to the utility grid. Subscribers will then receive a credit on their electric bills.

Solar energy has been one of Hawaii's fastest-growing industries during the past decade, helped in large part by federal and state tax credits. Even so, its market penetration is under 10 percent.

One of the problems is that approximately 40 percent of Hawaii residents live in multifamily households, many of them without enough roof space to accommodate renewable-energy equipment. There also are economic barriers in rental units where tenants would reap the benefits while landlords pay for the equipment.

Community solar gardens would remove some of those barriers.

The Blue Planet Foundation, which introduced legislation last year, calls it a win-win-win proposition.

"Households everywhere can win by accessing affordable clean energy," the foundation says. "The utility wins by adding another tool to solve energy-interconnection questions. And businesses win because they can access a market that has long been cut off."

Hawaiian Electric Co. also likes the concept, according to spokesman Peter Rosegg.

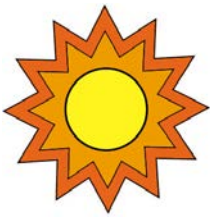
"We are looking for a model for customers who want to invest in and benefit from solar PV but do not have the opportunity because they are high-rise residents, home renters or other reasons," he said. "The model should also offer potential lower-cost renewable energy and economic benefits for all our customers, not just those investing in community solar or single-family homeowners who can benefit from solar on their own roofs."

As one would expect, solar contractors also think it's a great idea. It would mean more business for them and expand solar's reach.

So, what's stopping us?

The Blue Planet Foundation's House Bill 1363 attracted some attention in the 2013 Legislature, but it was one of those complicated issues whose "time had not yet come." The foundation will submit a new draft this session.

We think the time has come to give community solar gardens serious attention. In our bid to rely more on renewable energy and less on fossil fuels, here's a concept that holds promise to move us in the right direction.



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Testimony of Inter-Island Solar Supply
In Support of SB 2934, SD 1
Before the Senate Committee on Ways & Means
Wednesday, February 19, 2014

Chair Ige, Vice-Chair Kidani and members of the Committee, name is Richard Reed and I am the president of Inter-Island Solar Supply. We support SB 2934, SD 1,

This forward looking bill addresses a clear problem: unequal ratepayer access to the monetary benefits associated with DG and NEM. A high percentage of Hawaii ratepayers presently have no control over their utility costs because of the nature or location of their residence or business. SB 2934, SD 1 is intended to redress this problem by establishing a mechanism whereby individuals or businesses can own a piece of a large wind or PV project sited on another property or rooftop. The devil, of course, is in the details, but we have faith that the PUC will be up to the task of adjudicating the envisioned docket in a fair and timely manner.

Hawaii's ratepayers love NEM and DG. They have seen what Grid Version 2.0 will look like and are no longer tolerant or accepting of the status quo. Hawaii's ratepayers want options to reduce their electric bills and they want them now. This is clearly evident in the public angst over HECO's September 6, 2013 decision to slow the pace of NEM and DG on Oahu because of the publicly stated concern over the "safety and reliability" of the grid.

SB 2934, SD 1, if properly implemented, will cleave together utility scale projects and DG such that big and small projects move forward at the same speed and scale and allow all ratepayers to share in the financial benefits offered by renewable energy. In short, neither large utility scale projects nor DG should be allowed to disproportionately dominate the interconnection and generation landscape. Ratepayers that want to take advantage of renewables should be allowed to do so whether the equipment is deployed on one's own home or business or sited elsewhere.

Thank you for the opportunity to express our preliminary views on this important legislation.

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for SB2934 on Feb 19, 2014 09:15AM*
Date: Sunday, February 16, 2014 9:45:20 AM

SB2934

Submitted on: 2/16/2014

Testimony for WAM on Feb 19, 2014 09:15AM in Conference Room 211

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

Comments:

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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