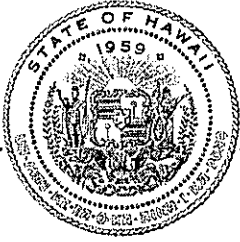


SB 2934

Measure Title: RELATING TO RENEWABLE ENERGY.

Report Title: Community-based Renewable Energy Program

Description: Establishes the Hawaii community-based renewable energy program to make the benefits of renewable energy more accessible to a greater number of Hawaii residents.



**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
SENATE COMMITTEE ON ENERGY AND ENVIRONMENT
and
SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Tuesday, February 4, 2013
2:45 PM
State Capitol, Conference Room 225

in consideration of
SB 2934
RELATING TO RENEWABLE ENERGY.

Chairs Gabbard and Baker, Vice Chairs Ruderman and Taniguchi, and Members of the
Committee.

The Department of Business, Economic Development, and Tourism (DBEDT)
respectfully offers comments on SB 2934, which establishes the Hawaii community-based
renewable energy program.

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 advises
caution in prescribing rapid statewide deployment and suggests that SB 2934 establish clear

Legislative policy intent to guide the Public Utilities Commission (PUC) to enable community-based renewable energy program development in the most appropriate manner.

Likewise, DBEDT would be supportive of language to establish a pilot community based renewable energy program to demonstrate the concept prior to broader deployment, ensuring a balanced approach to quickly bring this solution to market and helping mitigate unintended consequences from a large scale initial roll-out. Upon its analysis that a pilot project has been successful, the PUC would be authorized to initiate broader program deployment by issue of regulatory order or rule. However, we respectfully defer to the PUC for comment on proposed regulatory matters and potential related regulatory issues that would need to be carefully considered under this bill.

Thank you for the opportunity to offer these comments.



NEIL ABERCROMBIE
GOVERNOR

SHAN S. TSUTSUI
LT. GOVERNOR

STATE OF HAWAII
OFFICE OF THE DIRECTOR
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KEALI'I S. LOPEZ
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI
DEPUTY DIRECTOR

TO THE SENATE COMMITTEES ON
ENERGY AND ENVIRONMENT AND COMMERCE AND CONSUMER PROTECTION

THE TWENTY-SEVENTH LEGISLATURE
REGULAR SESSION OF 2014

TUESDAY, FEBRUARY 4, 2014
2:45 P.M.

TESTIMONY OF JEFFREY T. ONO, EXECUTIVE DIRECTOR, DIVISION OF
CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER
AFFAIRS, TO THE HONORABLE MIKE GABBARD AND ROSALYN H. BAKER,
CHAIRS, AND MEMBERS OF THE COMMITTEES

SENATE BILL NO. 2934 - RELATING TO RENEWABLE ENERGY

DESCRIPTION:

This measure proposes to establish the Hawaii community-based renewable energy program to make the benefits of renewable energy more accessible to a greater number of Hawaii residents.

POSITION:

The Division of Consumer Advocacy ("Consumer Advocate") supports the intent of this bill and proposes authorizing the Public Utilities Commission ("PUC") to establish a community-based renewable energy tariff. The Consumer Advocate offers the following comments.

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 economic, living in multi-family dwellings, significant shading over their rooftops, and rooftop construction that does not allow for solar PV installation. A properly designed community-based renewable energy program has the potential to provide significant energy cost-savings to this under-served market. 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. However, the Consumer Advocate believes this goal would be more effectively accomplished through legislation authorizing the PUC to establish a community-based renewable energy program tariff. Specifically, the PUC should have full discretion over key terms of the tariff, such as pricing, the treatment of bill credits, or other charges.

With respect to this bill, the Consumer Advocate is concerned with the potential bill impact this community-based renewable energy program would have on non-participating ratepayers. For example, the Consumer Advocate opposes the provision in Section 269-C(b), Hawaii Revised Statutes ("HRS"), which allows, under certain circumstances, the value of the bill credit or bill owed to be calculated at participant's retail rate without adjustment for the participant's use of the utility's transmission, distribution, and other infrastructure. This provision would unduly shift costs from participating customers to non-participating ratepayers. It would also provide inappropriate incentives for participants to invest in proposed renewable energy facilities before the PUC is able to approve a community-based renewable energy contact or tariff.

The Consumer Advocate recommends a community-based renewable energy bill that enables and authorizes the PUC to establish the appropriate tariff without specific reference to the costs and pricing that should be considered. It should be left to the PUC through an open and transparent process to determine these factors with input from all interested and affected stakeholders.

Thank you for this opportunity to testify.

TESTIMONY OF HERMINA MORITA
CHAIR, PUBLIC UTILITIES COMMISSION
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE
SENATE COMMITTEES ON
ENERGY & ENVIRONMENT
AND
COMMERCE & CONSUMER PROTECTION

February 4, 2014
2:45 p.m.

MEASURE: S.B. No. 2934

TITLE: Relating to Renewable Energy

Chair Gabbard, Chair Baker, and Members of the Committees:

DESCRIPTION:

This measure would create a structure called the Community-Based Renewable Energy Program where an electric utility customer may own, lease, finance, or subscribe to an interest in a community renewable energy facility ("Facility") for the purpose of offsetting the customer's electricity use with electricity produced by the Facility.

The measure would require every electric utility in the State to develop a standard contract or tariff for all participants where the value of the bill credit is based either (1) on a time-of-use rate structure reflecting the time-dependent value of energy generated, time-dependent cost of energy consumed, and ancillary service or demand response values provided by the Facility or (2) on a net kilowatt-hour consumption calculation that subtracts a set share of the Facility's production from the customer's electricity consumption, reduced by a fixed monthly charge that reflects fixed costs associated with use of the electrical grid, and possibly also adjusted by a monthly credit based on the value of any ancillary services or demand response capability provided by the facility "and participants."

If participants have acquired an interest in a Facility prior to the date of commission approval of a tariff, the default "tariff" is to be similar to the net energy metering ("NEM") tariff, and based exclusively on a net kilowatt-hour consumption calculation that

subtracts a set share of the Facility's production from the customer's electricity consumption.

A "community renewable energy facility" is defined as a facility that produces renewable energy. There is no Facility size cap. The Facility must achieve commercial operation on January 1, 2015, or thereafter. There is no sunset date or system-wide limit.

POSITION:

The Commission supports the intent of creating a community-based renewable energy tariff structure that will increase access to renewable generation, but it believes the measure is overly prescriptive and may have unintended program design consequences that would require future and untimely statutory amendments resulting in implementation barriers. The Commission would also like to offer the following comments for the Committee's consideration.

COMMENTS:

Several of the provisions of this measure are unclear or may create unintended barriers in the development of a properly functioning community-based renewable energy program. For example:

- Since there is no Facility or system-wide size cap, rate design and ratepayer impacts, particularly on non-participants, could be significant.
- The proposed establishment of a default "tariff" by legislation [page 8, beginning on line 18], without Commission review and approval, raises several legal and procedural issues, and may be in conflict with established law and regulatory precedent.
- It is not clear whether the Facility must be operational for this "tariff" to be in effect for program participants.
- It is also not clear whether program participants would be required to transfer to another tariff once one was approved by the Commission.

- Regarding the definition of "community renewable energy facility" [page 4, beginning on line 4], it is not clear whether 100% of the Facility's production must be from renewable resources or if a Facility would be eligible as long as some of its production was from renewable resources.
- It appears that any new Facility that produces renewable energy, and is not owned or operated by an electric utility, may qualify.

Policy guidance, rather than prescriptive statutory provisions, would be more effective for new programs like community-based renewable energy programs whose business models are not yet mature. Many complex and often intertwined technical challenges are already under development through the regulatory process. Several of S.B. No. 2934's provisions, such as those relating to interconnection, grid costs, valuation of ancillary services, and demand response are under investigation in various Commission dockets or will be addressed by the Hawaii Electricity Reliability Authority, pursuant to Act 166, Session Laws of Hawaii 2012, and codified as HRS §§ 269-141 through 149. The successful completion of these regulatory dockets will provide more comprehensive solutions to the issues raised by the various parties, including utilities, project developers, participants, and non-participants.

The Commission believes that this measure is not necessary. However, if the Committee is inclined to provide policy guidance, a proposed Senate Draft 1 is attached for the Committee's consideration.

Thank you for the opportunity to testify on this measure.

A BILL FOR AN ACT

RELATING TO RENEWABLE ENERGY.

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

1 SECTION 1. Chapter 269, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:
4 "§269- Community-based renewable energy tariffs. The
5 public utilities commission may establish, upon application by
6 an electric utility or upon the commission's own motion, a
7 community-based renewable energy tariff or tariffs to be applied
8 to services provided to customers by an electric utility for the
9 purpose of encouraging the widespread adoption of cost-
10 competitive renewable energy technology in the State. A
11 "community-based renewable energy tariff" is a tariff approved
12 by the public utilities commission by which electric utility
13 customers may purchase an interest conveying legal ownership in
14 a portion or portions of an eligible renewable energy facility
15 that is selling energy to the utility without respect to the
16 physical siting or interconnection, as defined under section
17 269-141, of the renewable energy system and allows an electric

1 utility to implement a billing arrangement to pay those
2 customers for energy purchased by the utility."

3 SECTION 2. New statutory material is underscored.

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

S.B. NO. 2934
[Proposed S.D. 1]

Report Title:

Public Utilities Commission; Community-Based Renewable Energy;
Tariff

Description:

Adds to Chapter 269, Hawaii Revised Statutes, a section that allows the Public Utilities Commission to establish Community-Based Renewable Energy Tariffs, as defined.

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



**SENATE COMMITTEE ON ENERGY AND ENVIRONMENT
SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION**

February 4, 2014, 2:45 P.M.

Room 225

(Testimony is 7 pages long)

TESTIMONY IN STRONG SUPPORT OF SB 2934

Chairs Gabbard and Baker and members of the committees:

The Blue Planet Foundation strongly supports SB 2934, 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 invest in and benefit from solar and wind energy systems—even if those systems are not sited on their property.

Senate Bill 2934 makes renewable energy accessible for many Hawai'i 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.

This measure differs from other proposals for community renewables in three key ways. First, SB 2934 enables anyone (community, renewable developer, land or building owner, etc.) to propose a community renewables project (subject to interconnection)—not just the electric utility. This truly enables the democratization of our renewable energy resources. Second, the measure directly establishes a program and how it will function, avoiding the lengthy, resource-intensive, and sometimes contentious regulatory process. Finally, the bill makes it clear that the legislation will not preclude an electric utility from developing and implementing their own community renewables program—it simply establishes a framework for others to develop projects and broaden the competitive renewable landscape.

Our current system leaves many Hawaii households, businesses, and public agencies unable to participate in renewable energy cost savings

Many homeowners 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 self-generation by Hawaii residents, public agencies, and businesses. For wealthy homeowners

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>.

with large roofs, solar electricity is a no-brainer. But for most residents, solar power is simply out of reach. The policy proposed in SB 2934 brings some 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 not having access to credit incentives to purchase systems (on their roof or through a community renewables program).

Concerns raised by others can be addressed to avoid further delaying establishment of a community renewables program

Finally, concerns were raised in testimony by the Public Utilities Commission (PUC) and others about some of the elements of the proposed Community Renewables program. We would like to address those stated concerns here and propose amendments to SB 2934 where necessary.

The PUC iterated six issues in their testimony on a nearly identical House measure (HB 2141). These are listed below with responses and potential workarounds.

- *“Since there is no Facility or system-wide size cap, rate design and ratepayer impacts, particularly on non-participants, could be significant.”*

Blue Planet disagrees that “ratepayer impacts, particularly on non-participants, could be significant.” A rigorous reading of SB 2934 reveals that this issue is specifically addressed by directing the utility to develop—for PUC approval—a tariff that accounts for the costs imposed on the utility (and therefore the other ratepayers). The bill allows the utility to base this new community renewables tariff on either the time-dependent value of the participants energy production and use (page 7, lines 16 – 20) or the utilities fixed costs associated with transmission, distribution, and other infrastructure (page 8, lines 9 – 13). The measure also ensures that the value of this solar resource to the utility and other ratepayers be considered in development of the new tariff². This is the appropriate method for accurately valuing the costs and benefits of distributed renewable energy on the system.

Page 7 line 4 through page 8 line 17 of SB 2934 currently reads as follows (bold and underline added):

² The scope of benefits could be expanded further as policymakers from other states have done. Legislation passed Minnesota in 2013 requires the Department of Commerce to establish a solar value methodology (Alternative tariff: MN Laws 2013, Chapter 85 HF 729, Article 9, Section 10). This methodology includes the valuing solar's contribution to avoided generation investment, voltage control, environmental benefits, disaster recovery, among other benefits.

§269-C Standard contract or tariff; rate structure. (a) Every electric utility shall develop a standard community-based renewable energy metering contract or tariff, for approval by the commission, providing for community-based renewable energy and shall make this contract or tariff available to participants. The commission may amend the rate structure or standard contract or tariff by rule or order. This contract or tariff shall:

(1) Calculate the value of the bill credit or bill owed for the benefiting account's kilowatt-hour production and consumption based on a time-of-use rate structure that reflects, at a minimum:

(A) The time-dependent value of the participants' energy generated and time-dependent cost of the participants' energy consumed, as such value

changes based on utility demand and on the availability of energy resources; and

(B) The value of ancillary services or demand response capability provided by the community renewable energy facility and participants; or

(2) Calculate the value of the bill credit or bill owed for the benefiting account's kilowatt-hour production and consumption:

(A) In a manner consistent with sections 269-102 (b) and 269-105;

(B) With an allowable fixed monthly charge that reflects the utility's fixed costs associated with participants' use of the utility's transmission, distribution, and other infrastructure; and

(C) With a monthly credit based on the value of any ancillary services or demand response capability provided by the community renewable energy facility and participants.

With regards to a facility or system-wide cap, Blue Planet would not be opposed to reasonable interim limits on both facility size (perhaps 5 MW) or a system cap (10% grid peak), but we would question why limits are necessary if the tariffs are accurately developed to reflect the value of electricity and the infrastructure costs. With proper pricing of electricity and services, the utility of the future should be agnostic toward the source and ownership of that electricity. Further, interconnection and siting issues impose *de facto* limits on the ultimate size of a community renewables program.

- *"The proposed establishment of a default "tariff" by legislation [page 9, beginning on line 16], without Commission review and approval, raises several legal and procedural issues, and may be in conflict with established law and regulatory precedent."*

The default tariff referred to on page 9, lines 16 – 19 is the existing net metering agreement under Hawaii's net metering law that has been in place for over a decade. The legislature can expand this to other ratepayers.

The purpose of allowing participants to use the existing net metering agreement³ is to ensure the expeditious development of the new community renewables program tariff by the utility.

- *"It is not clear whether the Facility must be operational for this "tariff" to be in effect for program participants."*

This could be clarified in SB 2934. Currently, a participant can use the existing net metering rate if they have acquired an interest in a proposed community renewables program prior to PUC approval of a new tariff. To avoid potential gaming (where a multitude of community renewables programs are proposed on the eve of PUC approval of a new tariff), further clarity would be welcome on how far along a project must be to make use of net metering versus a new tariff. Utility interconnection might be one threshold, but that also exposes participants to potential untimely delays.

- *"It is also not clear whether program participants would be required to transfer to another tariff once one was approved by the Commission."*

This is not addressed in SB 2934, so it is likely that "participants who have acquired an interest" prior to PUC approval of a new tariff would likely remain with the net metering agreement. Again, we anticipate that the utility would move quickly to develop and establish a community renewables tariff.

- *"Regarding the definition of "community renewable energy facility" [page 4, beginning on line 4], it is not clear whether 100% of the Facility's production must be from renewable resources or if a Facility would be eligible as long as some of its production was from renewable resources."*

This can be remedied by amending page 4, lines 10 and 11 to read:

"(1) Produces only renewable energy as defined in section 269-91;"

³ Although it could also be argued that it is a matter of fairness as tens of thousands of single family homeowners have been able to make use of net metering.

We respectfully request that SB 2934 be forwarded for further consideration. Thank you for the opportunity to testify.

The following pages contain an "FAQ" on community renewables and an article from.

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.



SIERRA CLUB OF HAWAII
MĀLAMA I KA HONUA. *Cherish the Earth.*

MALAMA I KA HONUA
Cherish the Earth

SENATE COMMITTEE ON ENERGY & ENVIRONMENT
SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

February 4, 2014, 2:45 P.M.
(Testimony is 1 page long)

TESTIMONY IN SUPPORT OF SB 2934

Aloha Chair Gabbard, Chair Baker, and Members of the Committees:

The Sierra Club of Hawai'i, with over 12,000 dues paying members and supporters statewide, respectfully supports SB 2934. Shared renewables arrangements overcome that barrier by allowing energy customers to subscribe to an off-site renewable energy project and get utility bill credit for their portion of the energy produced

There is much to like about this measure. It would provide a strong incentive for individuals and businesses to invest in the power plants of tomorrow (today). It would bring clean energy savings to a wider range of Hawai'i residents. It would continue developing a strong and sustainable source of jobs for Hawai'i's construction industry.

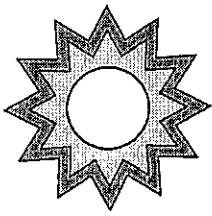
Mahalo for the opportunity to testify.

SB2934

Submitted on: 2/4/2014

Testimony for ENE/CPN on Feb 4, 2014 14:45PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Leslie Cole-Brooks	Hawaii Solar Energy Association	Support	No



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Testimony of Inter-Island Solar Supply
In Support of SB 2934
Before the Joint Senate Committees on Energy and Environment
and Commerce and Consumer Protection
Tuesday, February 4, 2014

Chairs Gabbard and Baker, Vice-Chairs Ruderman and Taniguchi and members of the Committees, my name is Richard Reed and I am the president of Inter-Island Solar Supply. We support SB 2934.

This big, 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 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, 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.

Testimony before the
Senate Committee on Energy and Environment
and
Senate Committee on Commerce and Consumer Protection

S.B. 2934 – Relating to Renewable Energy

Tuesday, February 4, 2014

By Scott Seu
Vice President, Energy Resources and Operations
Hawaiian Electric Company, Inc.

Chair Gabbard, Chair Baker, Vice Chair Ruderman, Vice Chair Taniguchi, and Members of the Committees:

Hawaiian Electric Company and its subsidiaries, Maui Electric Company and Hawaii Electric Light Company, support the intent of this bill which is to increase renewable energy options for customers. However, we do not support the particular form of community-based renewable energy that is proposed in S.B. 2934 because of concerns about fairness and retail wheeling of power over the electric system. We do support proposed language submitted by the Public Utilities Commission as H.B. 2141 (HD1) presented to the House Committee on Energy and Environmental Protection on January 30th.

Fairness issues arise because the proposed model appears to rely on compensation for PV energy at higher than market rates, compensation that is paid for by non-participating customers. Furthermore, this form of a community-based renewable energy program implements wheeling, which is still under investigation by the PUC as to whether or not it is in the public interest due to potential impacts on cost shifting and reliability.

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. A community-based renewable energy program model in use on the mainland has come to our attention that does not raise the concerns that S.B. 2934 does and 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. We are interested in exploring this model and any others that encourage the development of best fit, low cost renewable energy projects that can be safely and reliably integrated into our grid. This model also does not need legislation to be enacted to move forward; it is a form of renewable energy procurement and could be facilitated through the regulatory process with the Public Utilities Commission.

For these reasons, we believe this bill should either be held or substantially modified to support alternative models of community-based renewable energy that provide greater benefits to all customers.

Thank you for the opportunity to testify on this measure.

SB2934

Submitted on: 1/30/2014

Testimony for ENE/CPN on Feb 4, 2014 14:45PM in Conference Room 225

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

SB2934

Submitted on: 1/30/2014

Testimony for ENE/CPN on Feb 4, 2014 14:45PM in Conference Room 225

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

SB2934

Submitted on: 2/3/2014

Testimony for ENE/CPN on Feb 4, 2014 14:45PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Shelby suzuki	Individual	Support	No