

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



APRIL 10, 2014
9:30 a.m.

MEASURE: S.C.R. No. 148, S.D. 1

TITLE: Urging the Public Utilities Commission and the Hawaiian Electric Light Company to Expedite the Conclusion and Resolution of Request For Proposals Docket No. 2012-0092 for Fifty Megawatts of Geothermal-Derived Electricity on the Island of Hawaii

Chair Lee and Members of the Committee:

DESCRIPTION:

S.C.R. No. 148, S.D. 1 urges the Public Utilities Commission (“Commission”) and Hawaiian Electric Light Company to “expedite the conclusion and resolution of” Commission Docket No. 2012-0092, concerning a request for proposals (“RFP”) issued by Hawaii Electric Light Company, Inc. (“HELCO”) for 50 megawatts (“MW”) of dispatchable renewable geothermal firm capacity electricity generation on the Island of Hawaii.

POSITION:

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

COMMENTS:

This measure discusses substantive issues and requests specific Commission action in an ongoing Commission proceeding.¹ Therefore, the Commission is precluded from

¹See Commission Order No. 30360 Opening Docket, Docket No. 2012-0092, Instituting a Proceeding Related to a Competitive Bidding Process for 50 MW of Dispatchable Renewable Geothermal Firm Capacity Generation on the Island of Hawaii, filed May 1, 2012.

addressing the substantive issues raised or commenting on the specific requested action in this resolution concerning an ongoing regulatory proceeding.

Should the Legislature decide to move this measure forward, the Commission would like the whereas statement on page 2, lines 35-42, that is inferred to be a Commission finding, to be deleted, as it is a misrepresentation of several different issues. The sentence states that HELCO ratepayers pay 42 cents per kilowatt hour (“kWh”) due to the geothermal avoided cost contract. The 2012 average electricity rate – across all rate classes – for HELCO was 40.6 cents per kWh. This average rate can be broken down into two components: 26.5 cents per kWh for fuel, purchased power, and related taxes; and 14.1 cents per kWh for all non-generation, transmission and distribution costs, and administrative and general costs. While the Commission has encouraged HELCO and independent power producers to renegotiate power purchase agreements that are based on avoided costs to delink from oil pricing, in general, the average amount paid to independent power producers for wind, hydroelectric, and geothermal (not including capacity payment) in 2012 was around 16.9 cents per kWh. To simply state that HELCO’s high electricity costs are due to a specific type of contract is not accurate.

Also, should the Legislature decide to move this measure forward, there are a number of additional corrections to this resolution’s whereas statements that deserve consideration. For example, reference to “Hawaiian Electric Light Company” (see resolution title; page 2, line 8; and page 3, line 10) should instead be “Hawaii Electric Light Company, Inc.” or “HELCO.” Also, the whereas statement that ends “...is not in the public interest...” on page 3, line 4-5, is more appropriately written as “...may not be in the public interest...” With respect to this last correction, the Commission is charged with determining whether these matters of utility regulation are or are not in the public interest, and this issue is a matter for decision in Docket No. 2012-0092 about which the Commission has not yet made a determination.

While the Commission appreciates receiving guidance from the Legislature, the regulatory process provided for in each and every Commission proceeding is the best forum to address issues and provide recommendations such as those included in this resolution. Moreover, for the public to accept that the Commission’s decision is fair and free from influence outside of the process for public proceedings, the decision must be made on the record developed by the Commission in that proceeding. Of course, members of the Legislature, as well as any of their constituents and the public, may participate in the development of this record through the regulatory process.

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