

TESTIMONY OF RANDY IWASE
CHAIR, PUBLIC UTILITIES COMMISSION
STATE OF HAWAII
TO THE
HOUSE COMMITTEE ON
ENERGY AND ENVIRONMENTAL PROTECTION

February 4, 2016
8:00 AM

MEASURE: H.B. No. 2575
TITLE: RELATING TO RENEWABLE PORTFOLIO STANDARDS

Chair Lee and Members of the Committee:

DESCRIPTION:

This measure would repeal the current renewable portfolio standards (“RPS”) requirements and accompanying definitions from Chapter 269, Hawaii Revised Statutes (“HRS”) and replace them with a “maximum fossil fuel standard”. The maximum fossil fuel standard would be based on “the percentage of sales that is represented by fossil fuels”.

POSITION:

The Commission offers the following comments for the Committee’s consideration.

COMMENTS:

The Commission recognizes the legislature’s intent to address certain issues with the State’s current RPS requirements and accompanying definitions. The Commission notes that it is currently collaborating with DBEDT and other stakeholders to address these issues through amendments proposed in H.B. No. 2291 and S.B. No. 2820. Therefore, the Commission recommends that H.B. No. 2291 or S.B. No. 2820 be used as the preferred vehicle for any necessary amendments to the current RPS requirements and accompanying definitions.

Thank you for the opportunity to testify on this measure.



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

DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
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Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

Thursday, February 4, 2016
8:00a.m.
State Capitol, Conference Room 325

in consideration of
HB 2575
RELATING TO RENEWABLE PORTFOLIO STANDARDS.

Chair Lee, Vice Chair Lowen, and Members of the Committee.

The Department of Business, Economic Development & Tourism (DBEDT) offers comments on HB 2575, which replaces the renewable portfolio standard (RPS) with a maximum fuel standard.

The Hawaii RPS has been the glue for binding a common resolve among energy stakeholders in our quest for energy independence. The RPS has helped grow Hawaii's clean energy economy while offsetting higher electricity rates by methodically reducing the importation of oil which provides long-term benefits to ratepayers. Furthermore, RPS provides a national metric to measure not only our State's progress but also that of other states towards the achievement of clean energy. For these reasons, DBEDT is highly concerned with eliminating RPS from statute and replacing it with a maximum fuel standard and would advise the Legislature against it. Furthermore, we point out that the fossil fuel standard definition is unclear and open to interpretation. For example, line 3, page 5, refers to 'sales,' but it is unclear to what product it refers and at what point in the distribution chain. This lack of clarity leaves the State of Hawaii vulnerable to failure to achieve a clean energy future and the related economic benefits.

Thank you for the opportunity to offer these comments on HB 2575.

**Testimony before the
House Committee on Energy and Environmental Protection**

**February 4, 2016, 8:00 am
Conference Room 325**

H.B. No. 2575 – Relating to Renewable Portfolio Standards

**By Scott Seu
Vice President, System Operation
Hawaiian Electric Company, Inc.**

Chair Lee, Vice-Chair Lowen and Members of the Committee:

My name is Scott Seu. I am Vice President for System Operation at Hawaiian Electric Company. I am testifying on behalf of Hawaiian Electric and its subsidiary utilities, Maui Electric and Hawaii Electric Light (collectively “Companies”).

This measure seeks to simplify the existing RPS statute by eliminating practically all existing definitions and provisions and replacing them with a new fossil fuel standard. While we appreciate the desire to add clarity, we believe stripping out much of the detail of the existing RPS law has the opposite effect. And to adopt a completely new metric will add confusion.

We also note that the proposed fossil fuel standard targets are inconsistent with the RPS that was only just agreed to and established in the 2015 legislative session. For example, we are currently targeting achieving 30% RPS by 2020, but this measure would set a fossil fuel standard of 75% - effectively a 25% RPS. In 2030 under current statute we are to achieve 40% RPS, but this measure would establish a fossil fuel standard of 40% - effectively a 60% RPS.

This legislature, indeed this committee, succeeded last year in passing the landmark 100% RPS into law. Rather than gut it, let's work to improve it. We suggest that HB 2291 be that mechanism, subject to our concerns on that measure being addressed, and respectfully ask that this bill be held.

Thank you for this opportunity to testify.

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 03, 2016 7:56 AM
To: EEPtestimony
Cc: henry.curtis.hawaii@gmail.com
Subject: *Submitted testimony for HB2575 on Feb 4, 2016 08:00AM*

HB2575

Submitted on: 2/3/2016

Testimony for EEP on Feb 4, 2016 08:00AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Henry Curtis	Ka Lei Maile Ali'i Hawaiian Civic Club	Support	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 03, 2016 7:51 AM
To: EEPtestimony
Cc: henry.lifeoftheland@gmail.com
Subject: Submitted testimony for HB2575 on Feb 4, 2016 08:00AM

HB2575

Submitted on: 2/3/2016

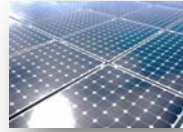
Testimony for EEP on Feb 4, 2016 08:00AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Henry Curtis	Life of the Land	Support	No

Comments: Strong Support. Please pass. Mahalo

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HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

February 4, 2016, 8 A.M.

Room 325

(Testimony is 2 pages long)

TESTIMONY OPPOSING HB 2575

Aloha Chair Lee, Vice Chair Lowen, and Committee members:

Blue Planet Foundation opposes HB 2575 as written. While we support the intent (clarity and simplicity with respect to clean energy targets), the measure as drafted would result in several undesirable outcomes.

First, by repealing H.R.S. § 269-92 the measure may unintentionally make the state’s clean energy target difficult to enforce, by repealing the power of the Public Utilities Commission to penalize a utility for failing to meet the targets. A portion of the repealed language includes:

~~“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 . . . ”~~
(emphasis added).

Without this language, the Commission’s authority to impose a penalty may be constrained by H.R.S. § 269-94, which provides only two options if a utility fails to meet the standard – a waiver or an extension of time to meet the standard.¹

Second, renewable portfolio standards have become a common and successful tool in the energy landscape across the country. Blue Planet is not aware that a “maximum fossil fuel standard” has been similarly adopted in other jurisdictions. Thus, there is likely to be a smaller body of legal, regulatory, and policy background information available to help inform Hawaii’s approach on the topic of clean energy targets.

¹ H.R.S. § 269-94 includes the following: “Any electric utility company not meeting the renewable portfolio standard shall report to the public utilities commission within ninety days following the goal dates established in section 269-92, and provide an explanation for not meeting the renewable portfolio standard. *The public utilities commission shall have the option to either grant a waiver from the renewable portfolio standard or an extension for meeting the prescribed standard.*” (emphasis added).

Third, it appears that the proposed standard would be calculated with reference to utility “sales” rather than “generation.” HB 2291, considered by the Committee on February 2, 2016, explains why the reference to “sales” may create ambiguities with respect to how to account for the contribution of rooftop solar generation to the state’s clean energy targets. Thus, in attempting to clarify the renewable energy targets, HB 2575 may inadvertently prolong an existing ambiguity.

While the existing language of H.R.S. 269-91 and -92 is not perfect, it is the negotiated product of years of consideration by the legislature, regulators, utilities, and the public. Essentially all of these voices are now aligned in the call for 100% renewable electricity. Given this shared vision and understanding of the existing statute, we do not believe HB 2575 is necessary at this time.

Thank you for the opportunity to testify.



Puna Pono Alliance
PO Box 492668
Kea`au, HI 96749

web: <http://punapono.com>
email: info@punapono.com

February 3, 2016

To: House Committee on Energy & Environmental Protection

Rep. Chris Lee, Chair

Rep. Nicole E. Lowen, Vice Chair

Re: HB2575 (relating to renewable portfolio standards) – *Strong support*
Hearing on February 4, 2016, at 8:00 a.m., Conference Room 325

Aloha Representatives,

Puna Pono Alliance supports HB2575. We defer to testimony from Life of Land and Henry Curtis.

Thank you for your consideration.

Robert Petricci, President
Puna Pono Alliance



Hawaii Solar Energy Association
Serving Hawaii Since 1977

**TESTIMONY OF THE HAWAII SOLAR ENERGY ASSOCIATION
IN REGARD TO HB 2575, RELATING TO ENERGY COOPERATIVES
BEFORE THE
HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION
ON
THURSDAY, FEBRUARY 4, 2016**

Chair Lee, Vice-Chair Lowen and members of the committee, my name is Hajime Alabanza, and I represent the Hawaii Solar Energy Association, Inc. (HSEA)

HSEA supports HB 2575. The intent of this bill is to amend §269-91, Hawaii Revised Statutes, to establish maximum fossil fuel standards as a metric to mark progress towards a 100% renewable portfolio standard.

Historically, there has been confusion over what the definition of “renewable energy” should be. There are currently several bills seeking to amend language within the Hawaii Revised Statutes that pertain to this definition.

HB 2575 seeks to simplify this issue by setting a time table for stepping down the use of fossil fuels as opposed to increasing the amount of renewables. In effect, this would eliminate the confusion over what is or is not a renewable source of energy while simultaneously preventing the use of any types of fossil fuels as Hawaii transitions to a 100% RPS.

We urge the committee to pass HB 2575.

Thank you for the opportunity to testify.

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 03, 2016 1:42 PM
To: EEPtestimony
Cc: rangien2010@yahoo.com
Subject: *Submitted testimony for HB2575 on Feb 4, 2016 08:00AM*

HB2575

Submitted on: 2/3/2016

Testimony for EEP on Feb 4, 2016 08:00AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Puanani Rogers	Ho`okipa Network - Kauai	Support	No

Comments:

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40 Hobron Ave.
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February 3, 2016

TESTIMONY ON HB 2575, RELATING TO RENEWABLE PORTFOLIO
STANDARDS
SUPPORT

Representative Chris Lee, Chair
Representative Nicole E. Lowen, Vice Chair
Committee on Energy and Environmental Protection
Hearing February 4, 2016 at 8:00 am, Conference Room 325

From: Jenna Long
Pacific Biodiesel

Pacific Biodiesel supports HB 2575 because it clarifies that Hawaii's renewable energy goals should be reached using sources other than fossil fuels. We feel that fossil fuels such as coal, natural gas and other petroleum products directly conflict with the goals of the renewable energy portfolio. They do not provide energy security for Hawaii since we have no sources of fossil fuel here, nor do they provide the clean environmental benefits of real renewable fuels and energy sources.

This bill reduces confusion over what counts as renewable fuel by simplifying the language. It supports Hawaii's goal of reducing fossil fuel use through a variety of truly renewable sources.

Thank you,

Jenna Long
Director of Operations
Pacific Biodiesel
jenna@biodiesel.com

renewable • sustainable • community-based

55 S Kukui St. D2302
Honolulu, HI 96813

03 February, 2016

Rep. Chris Lee, Chair
Rep. Nicole Lowen, Vice-Chair
State of Hawaii House Committee on Energy & the Environment

Dear Chair Lee, Vice-Chair Lowen, and other Committee Members:

I am writing in support of HB2575, phasing out the use of fossil fuels by Hawaii's electric utilities. The current rules for the renewable portfolio standards allow for up to 50% use of fossil fuels. While this might make sense under a technical definition of 100% RPS, for the health and sustainability of our climate and our planet, we need to move toward the complete phasing out of fossil fuels.

The decreasing cost and increasing diversity of renewable energy sources and storage systems is undermining any economic case for retaining fossil fuels as part of Hawaii's electricity generation. The concomitant move away from large, centralized electricity generation and a single company that dominates electricity generation and distribution will actually help achieve public benefit goals of reduced cost, increased flexibility and resiliency without compromising reliability. And the benefits to the environment and human health are beyond debate, at this point. This bill will fairly but firmly mandate that the Public Utilities Commission move Hawaii's electric utilities in the direction of a truly 100% renewable energy future.

I urge you not to be swayed by Hawaiian Electric or its supporters to retain fossil fuels indefinitely. Their opposition is motivated exclusively by their own self-interest. Their electricity generating and distributing infrastructure, expertise, and business model are all predicated on the use of fossil fuels. To be frank, this model is rapidly becoming obsolete. By 2045, the time at which Hawaii is mandated to achieve its 100% RPS goal, these companies will not just be burning dinosaurs, they will be dinosaurs themselves. Technological, economic, social, and moral progress are all making the renewable energy a reality at a rapid pace. The only reason not to pass this bill is that these changes will happen on their own, as long as our utilities and the PUC let them. But then, that's the entire reason this bill is necessary. Hawaiian Electric has shown no interest in facilitating this change, and the PUC has not pushed them hard enough and in some ways helped them push back against these changes. This bill will make it clear what our goals and our expectations are, leaving it up to them to get on board or get out of the way.

Thank you for considering this bill. I strongly support it and urge you to do the same.

Sincerely,

Travis Idol

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 03, 2016 12:05 PM
To: EEPtestimony
Cc: chris@mentzel.com
Subject: Submitted testimony for HB2575 on Feb 4, 2016 08:00AM

HB2575

Submitted on: 2/3/2016

Testimony for EEP on Feb 4, 2016 08:00AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Chris Mentzel	Individual	Support	No

Comments: I support this bill because it underscores the intention of government to move Hawaii away from carbon fuels and makes it easier to understand. In my work at HinaCorp.com, I have modeled energy options for Maui and developed the first 100% renewable model for the island. As shown on the website, Maui could start building a 100% system today. It would be paid off within 10-12 years and then produce electricity without any fuel cost. The same is true for all outlying islands. Oahu is more difficult. Maybe the fossil fuel standard could be specified per island and bring the date for 100% to 2025 for Maui, Big Island, Molokai, Lanai, Kauai, so that we see progress within our lifetime. Thank you!!

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From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 03, 2016 9:16 AM
To: EEPtestimony
Cc: noelk@hawaii.edu
Subject: Submitted testimony for HB2575 on Feb 4, 2016 08:00AM

HB2575

Submitted on: 2/3/2016

Testimony for EEP on Feb 4, 2016 08:00AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
noel kent	Individual	Support	No

Comments: Hello. I am supporting this bill because I believe that we need to act as soon as possible and in a clear and determined way to eliminate all fossil fuels from utility portfolios. This law will speed implementation of this objective. Mahalo Noel K

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From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 03, 2016 8:25 AM
To: EEPtestimony
Cc: hokuokekai50@msn.com
Subject: *Submitted testimony for HB2575 on Feb 4, 2016 08:00AM*

HB2575

Submitted on: 2/3/2016

Testimony for EEP on Feb 4, 2016 08:00AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Mary Lacques	Individual	Support	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 03, 2016 8:48 AM
To: EEPtestimony
Cc: carl@votecampagna.com
Subject: Submitted testimony for HB2575 on Feb 4, 2016 08:00AM

HB2575

Submitted on: 2/3/2016

Testimony for EEP on Feb 4, 2016 08:00AM in Conference Room 325

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

Comments: Mahalo for the opportunity to provide testimony on this important issue. I am in support of this measure. Energy security is a vital concern for our island State, not just for the future but also today. Reducing the import of fossil fuels is the only way to ensure that we will have a reliable and secure electricity and grid well into the future. This reduction will force us to transition towards more renewable sources of generation and the storage capacity needed to sustain. The technology needed is available today. Our current fuel and electricity prices are subject to the volatile and finite nature of the oil markets and therefore we endure rate instability. We must move towards a non-profit operational structure for our utility and away from all fossil fuels, including coal, liquid natural gas and petroleum. The State of Hawaii is peculiarly positioned to harness the available and abundant renewable sources of energy. This is the future, we should embrace it and continue to be the global example of what is possible. Mahalo

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From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 03, 2016 8:04 AM
To: EEPtestimony
Cc: dylanarm@hawaii.edu
Subject: *Submitted testimony for HB2575 on Feb 4, 2016 08:00AM*

HB2575

Submitted on: 2/3/2016

Testimony for EEP on Feb 4, 2016 08:00AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Dylan Armstrong	Individual	Support	No

Comments:

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From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 03, 2016 11:46 PM
To: EEPtestimony
Cc: tbhawaiiowan@aol.com
Subject: Submitted testimony for HB2575 on Feb 4, 2016 08:00AM

HB2575

Submitted on: 2/3/2016

Testimony for EEP on Feb 4, 2016 08:00AM in Conference Room 325

LATE

Submitted By	Organization	Testifier Position	Present at Hearing
Thomas Brandt	Individual	Support	No

Comments: Please pass this bill to eliminate any intentional or inadvertent ambiguity or obfuscation in Hawaii's statutory goal to eliminate the use of any fossil fuels for electrical power and transportation fuel by the year 2045 so that it is crystal-clear this statute cannot be interpreted in any other way. Thank you for time and consideration. Tom Brandt

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LATE

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 03, 2016 4:17 PM
To: EEPtestimony
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for HB2575 on Feb 4, 2016 08:00AM*

HB2575

Submitted on: 2/3/2016

Testimony for EEP on Feb 4, 2016 08:00AM in Conference Room 325

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

Comments:

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