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TO THE HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

THE TWENTY-EIGHTH LEGISLATURE  
REGULAR SESSION OF 2015

TUESDAY, FEBRUARY 3, 2015  
8:30 a.m.

TESTIMONY OF JEFFREY T. ONO, EXECUTIVE DIRECTOR, DIVISION OF  
CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER  
AFFAIRS, TO THE HONORABLE CHRIS LEE, CHAIR,  
AND MEMBERS OF THE COMMITTEE

HOUSE BILL NO. 265 – RELATING TO ENERGY STORAGE

DESCRIPTION:

This measure proposes to establish an income tax credit for each grid-connected energy storage property that is installed and placed in service in the State during the taxable year beginning after December 31, 2015, provided that this tax credit shall not be available for taxable years beginning after December 31, 2026. The bill also proposes to allow the tax credit to be claimed as either an investment credit or utilization credit and appropriates funds to administer the tax credit.

POSITION:

The Division of Consumer Advocacy offers comments to this bill.

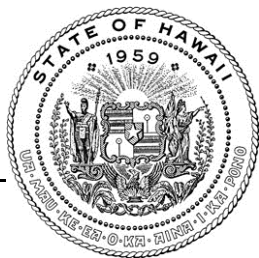
COMMENTS:

This bill provides for various tax credits to Hawaii taxpayers who install large (1 megawatt or greater) energy storage systems that are grid-connected. Batteries and other storage devices have the potential to provide significant ancillary services to the grid that help smooth out the variability of most renewable energy technologies.

The Consumer Advocate appreciates the Legislature's desire to provide a tax credit to taxpayers who purchase and install energy storage systems that are "grid connected." A storage system that is completely disconnected from the grid will not qualify for any of these proposed tax credits. It is not clear whether this measure will allow the use of energy storage tax credits to help purchase systems that are only initially connected to the grid, but are then subsequently disconnected from the grid once the advantage of those tax credits have been exhausted. The Consumer Advocate would ask the Legislature to carefully consider the negative, unfair financial impacts this sort of loophole would have on remaining grid-connected customers who cannot afford energy storage systems even with tax credit assistance.

Finally, the Consumer Advocate recommends a cautious approach to providing tax credits to one particular technology over another. There may be other more cost-effective means of providing ancillary services other than energy storage. For example, demand response programs may be a less costly means of shifting energy demand away from the evening peak. Tax credits tend to create market distortions that may prevent a more balanced, cost-effective portfolio of resources to meet Hawaii's energy needs.

Thank you for this opportunity to testify.



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

DAVID Y. IGE  
GOVERNOR

LUIS P. SALAVERIA  
DIRECTOR

MARY ALICE EVANS  
DEPUTY DIRECTOR

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Statement of  
**LUIS P. SALAVERIA**  
Director  
Department of Business, Economic Development, and Tourism  
before the  
**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

Tuesday, February 3, 2015  
8:30 AM  
State Capitol, Conference Room 325

in consideration of  
**HB 265**  
**RELATING TO ENERGY STORAGE.**

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

The Department of Business, Economic Development & Tourism (DBEDT) offers comments on HB 265, which creates an investment and utilization tax credit for grid-connected energy storage.

DBEDT appreciates the concept of providing incentives for grid-supportive energy storage, which is aligned with the State's energy policy vision of a creating a modernized, intelligently-networked grid that provides economic, environmental and system benefits in a balanced, cost-effective and equitable manner. We also appreciate the wisdom of providing an explicit limit on the duration of the program.

However, as it pertains to the interconnection of storage systems, we urge the legislature to consider this matter under a broader utility planning perspective. Specifically, the interconnection of storage systems is currently being reviewed under the various interrelated PUC proceedings<sup>1</sup> and recommendations among energy stakeholders are either being formulated<sup>2</sup>

<sup>1</sup> Reference Docket No. 2011-0206 Hawaiian Electric, Inc.'s Power Supply Improvement Plan, Docket No. 2012-0212 Hawaii Electric Light Power Supply Improvement Plan, Docket No. 2011-0092 Maui Electric Power Supply Improvement Plan, Docket No. 2014-0192 Instituting a Proceeding to Investigate Distributed Energy Resource Policies, Docket No. 2014-0192 Regarding a Proceeding Investigate Distributed Energy Resource Policies; Docket

or have been submitted to the PUC. Therefore, we suggest that this measure be held pending an update from DBEDT and other energy stakeholders (at the discretion of the legislature) later this Legislative Session on the progress of those recommendations.

We defer to the Department of Taxation on its ability to administer the requirements of this bill.

Thank you for the opportunity to offer these comments on HB 265.

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No. 2014-0130 Hawaiian Electric Companies, Inc. Application For Approval to Modify Rule 14H – Interconnection of Distributed Generating Facilities Operating in Parallel With the Companies’ Electric System.

<sup>2</sup> Per regulatory procedure under Docket No. 2014-0130, stakeholder recommendations on the interconnection process of storage systems and related definitions are to be submitted to the PUC by February 19, 2015.

DAVID Y. IGE  
GOVERNOR

SHAN TSUTSUI  
LT. GOVERNOR



MARIA E. ZIELINSKI  
DIRECTOR OF TAXATION

STATE OF HAWAII  
**DEPARTMENT OF TAXATION**  
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To: The Honorable Chris Lee, Chair  
and Members of the House Committee on Energy and Environmental Protection

Date: Tuesday, February 3, 2015  
Time: 8:30 A.M.  
Place: Conference Room 325, State Capitol

From: Maria E. Zielinski, Director  
Department of Taxation

Re: H.B.265, Relating to Energy Storage

The Department of Taxation (Department) appreciates the intent of H.B. 265 and offers the following comments.

H.B. 265 creates an income tax credit for grid-connected energy storage systems. The tax credit may be claimed either as an investment credit or a utilization credit, for unspecified percentages of the basis of the equipment or an unspecified number of cents per kilowatt-hour of storage capacity, respectively. The credit is available for tax years beginning after December 31, 2015 and not available for tax years beginning after December 31, 2026, but is available at different rates at different time periods within that time frame. The credit is refundable if the taxpayer elects to reduce the credit amount by thirty percent.

The Department notes that the grid-connected energy storage property described in H.B. 265 already qualifies as an accessory under the renewable energy technologies income tax credit provided by section 235-12.5, Hawaii Revised Statutes (HRS), if installed with the energy-producing portion of the system. The Department additionally notes that multiple methods of computing the tax credit will cause unnecessary confusion for taxpayers and difficulty in administration of the credit, and suggests that one method for calculation of the credit be chosen.

The Department additionally notes that it lacks the expertise necessary to evaluate a claim for credit based on utilization, making enforcing compliance with the credit very difficult. The Department suggests a pre-certification procedure for claiming the tax credit, to be verified by a State agency with the technical expertise necessary to determine whether the equipment installed is the type the State wishes to incentivize with this credit.

Additionally, there seems to be a section reference missing in paragraph (2) of the definition of "grid-connected energy storage property" in subsection (d).

As noted above, this tax credit is refundable if the taxpayer elects to reduce the credit amount by thirty percent. The Department prefers non-refundable tax credits, which are less problematic to administer and promote compliance.

Thank you for the opportunity to provide comments.



**Hawaii Solar Energy Association**  
*Serving Hawaii Since 1977*

Before House Committee on Energy and Environmental Protection  
Tuesday, February 3, 2015, 8:30 a.m., room 325  
HB 265: Relating to Energy Storage

Aloha Chair Lee, Vice Chair Green and members of the Committee,

On behalf of the Hawaii Solar Energy Association (HSEA), I would like to testify in opposition to HB 265 which establishes an income tax credit for each energy storage property that is installed and placed in service in the State beginning 12/31/2015 for energy storage systems of 1 MW or greater. HSEA is a non-profit trade organization that has been advocating for solar energy since 1977, with an emphasis on residential and commercial distributed generation for both solar hot water (SHW) and photovoltaics (PV). We currently represent 90 member companies, which employ thousands of local employees working in the solar industry. With 37 years of advocacy behind us, HSEA's goal is to work for a sustainable energy future for all of Hawaii.

Energy storage is key to Hawaii's energy future

Energy storage is the missing link that will allow Hawaii to make the best use of our many indigenous resources, and to greatly reduce our dependence upon imported fossil fuels. Hawaii is blessed with an abundance of indigenous energy resources, but we must have the infrastructure in place that will allow us to have energy available when we need it, and the means to ensure that our grid can be maintained in a safe and reliable manner. Unlike other jurisdictions, Hawaii's load (customer demand) and renewable generation do not necessarily occur at the same. This means that excess energy generated from renewable resources is wasted and results in our continued reliance upon fossil fuels to provide energy when renewables are not available. Energy storage fixes this issue, both by providing the means to store excess energy for when we need it, in addition to providing a variety of grid services that would serve to enhance grid reliability and safety for all ratepayers.

An incentive for only utility scale storage is too narrow and would lose the many benefits provided by smaller systems

However, HB 256 only provides an incentive for grid-connected energy storage of 1 MW or greater, which would preclude any residential or small commercial projects, including rooftop PV plus battery backup, commercial PV with battery backup, and storage which provides valuable demand response. Customer sited installations for both residential and small commercial systems could provide a myriad of benefits, and customers are eager to invest in these systems which would become a part of a robust and reliable grid system.

Distributed energy storage can provide many valuable benefits to the grid

Distributed energy storage is a valuable energy resource that could provide many key benefits to the electrical grid. First, distributed energy storage could serve to shift peak load by storing excess energy to be used when customer demand exceeds renewable generation. Helping to shift or shave peak load would provide both a technical and economic benefit to the electrical grid and utility customers, especially with time of use rates in place. Next, customer sited energy storage could serve to offset or reduce the need for grid improvements and upgrades, as energy produced onsite could be stored and consumed locally as

needed, thus lessening the impact on distribution level infrastructure. In addition, distributed energy storage could provide key grid services such as voltage and var support on the distribution level, in addition to system wide services such as frequency support and emergency backup. Finally, the availability of distributed energy storage would open up more choices for customers by allowing them to install systems on distribution circuits that no longer accept traditional NEM systems. This means that customers could continue to invest in renewable energy, and we would continue to make the most of all of our renewable resources.

These grid services in the aggregate would provide the utility with a powerful tool to manage the electrical grid, give residential and small commercial customers additional choice as NEM becomes increasingly unavailable, and would continue to take advantage of available roof space. Finally, these systems are customer invested and maintained, and the cost is not rate based as is the case of utility scale storage.

#### The PUC has recognized the importance of distributed energy storage

The PUC has recognized that distributed energy storage is a key part of our energy future. In Exhibit A: Commission's Inclinations on the Future of Hawaii's Electric Utilities, the Commission states that "[a] critical component of the overall DGIP (Distributed Generation Interconnection Plan) is an Advanced DER Technology Utilization Plan that identifies how customers will install, and the utilities will utilize as an integrated DER portfolio, advanced inverters, distributed energy storage, demand response, and electrical vehicles to mitigate adverse grid impacts on utility distribution circuits and the system as a whole." (Inclinations at 15-emphasis added).

#### Any incentive for storage must include residential and small commercial

Given the wide variety of grid services that residential and small commercial energy storage could provide, any incentive for storage must include these systems. HSEA respectfully recommends that that HB 265 be amended to include grid connected residential and small commercial systems to make the best use of all of our energy resources in the most prudent and efficient means possible. Energy storage is key to moving forward with our energy future if we wish to rid the state of our dependence upon imported fossil fuels, and now is the time to act to make best use of the resources at hand.

Thank you for the opportunity to testify

Leslie Cole-Brooks  
Executive Director  
Hawaii Solar Energy Association





## HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

February 3, 2015, 8:30 A.M., Room 325

(Testimony is 4 pages long)

### TESTIMONY IN SUPPORT OF HB 265

Aloha Chair Lee, Vice-Chair Lowen, and members of the Committee:

The Blue Planet Foundation supports HB 265, to facilitate and encourage the use of renewable energy by incentivizing the use of grid-connected energy storage technologies and systems through a tax credit (that is limited in scope and duration). The proposed investment tax credit or utilization tax credit are intended to promote the use of grid-connected energy storage to address the varying needs of our island electric grids with technologies most applicable to those needs. Energy storage tax incentives are the appropriate and needed tool to enable continued momentum toward Hawaii's independence from fossil fuels.

Energy storage—whether from batteries, ultra-capacitors, thermal storage, or some other technology—will be an integral part of our island electricity systems. These technologies are evolving rapidly and in the technology development and deployment stage where tax credits can contribute a critical boost to adoption rates, accelerating the benefits to our energy system.

Blue Planet believes HB 265 is a timely and appropriate policy for the reasons described below. However, we also suggest that HB 265 should be amended to delete the requirement that only large storage devices of one megawatt (or one megawatt hour) and bigger qualify for the tax credit.

Suggested language is included on page 4 of this testimony. Energy storage devices of *all sizes* can have the potential to provide value to strengthening our electricity grid and reducing variability of renewable energy resources. By limiting the eligible storage devices with HB 265, the bill would essentially be turning policy guidance into an engineering decision. Decisions about what size energy storage devices can best support the energy grid (or whether many smaller devices might work together to have a larger impact) should be made on the basis of technical analyses, rather than through the policy incentive embodied in HB 265. For example, limiting this to large batteries will foreclose tax incentives for smart solutions such as using electric vehicle batteries in a dual role to support the electrical grid. It will also disfavor distributed energy storage.

## Incentives for energy storage will accelerate development of a smart grid, increasing reliability and lowering costs to ratepayers

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House Bill 265 is intended to support variable energy sources, including wind and solar power, while moderating energy demands during peak hours and facilitating a “smart grid” that is more reliable in order to improve Hawaii’s island electricity grids and achieve the state’s clean energy future. This measure would help improve the efficiency, versatility and reliability of Hawaii’s electric grids, and would offer more affordable energy storage technologies for homes and businesses.

Hawaii’s electricity grid needs energy storage to achieve the state’s aggressive clean energy goals. To take advantage of distributed and diversified energy like solar and wind and other variable sources of power, the grid has to become smarter and have the capacity to store electricity. It will resemble today’s Internet—where distributed servers both send and receive packets of information—and less like yesterday’s commercial television. Such a self-aware, robust smart grid will instantaneously adjust to shifts in wind strength or cloud cover over solar, balancing energy loads on the other side of the wire and drawing on stored energy when needed.

Energy storage is an important tool for reliable system operation of a grid with substantial amounts of intermittent renewable generation. Storage can smooth out variable generation, and it can bank excess renewable energy for use during peak demand. Energy storage helps to maximize the use of indigenous renewable energy and strengthen Hawaii’s economy. It will accommodate expected increasing proportions of variable and/or intermittent renewable generation resources in the near future.

A 2013 study<sup>1</sup> conducted by Hawaiian Electric Companies on battery storage on the MECO system demonstrates showed that a 15 MWh battery storage resource effectively reduced the amount of curtailed (i.e. wasted) renewable energy by almost 2 gigawatt hours per year. By reducing curtailment, the amount of renewable energy increased and resulted in a corresponding increase in the ability to reduce the cost of electricity and the amount of fossil fuel use. 2 gigawatt hours of electricity is worth more than \$600,000 at today’s energy rates. Incentivizing this solution can help unlock these savings.

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<sup>1</sup> Hawaiian Electric Companies 2013 Integrated Resource Planning (“IRP”) Report and Action Plan.

## The time is ripe for implementation of existing energy storage strategies and technology

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With increased energy storage, the existing grid will be transformed into a “smarter”, more efficient, more reliable grid that integrates more renewable energy through the use of various technologies and capabilities and provide more information and options to customers with the overall goal of reducing costs and improving customer service. This clean energy transformation will help to stabilize and strengthen Hawaii's economy by reducing its dependency on imported fuels and will help protect Hawaii's environment by greatly reducing greenhouse gas emissions.

Hawaii's economy needs power that is as dependable as the daily sunrise and sunset. To make full use of all of Hawaii's native energy sources we need the ability to store power for times when the sun isn't shining or the wind isn't blowing. While it's not clear what form will be most cost effective—fuel cells, pumped water, flywheels, ultra capacitors, batteries, thermal storage—we do know that the technology is evolving rapidly. Consider data storage for computers. In the late 1950s, cutting-edge data storage could store the equivalent of one MP3 file in the space of half a carport. Today, over 12,000 such files fit on a keychain flash drive. We are seeing a similar evolution for power storage, with the cost of battery storage dropping at nearly 8% annually. But at the same time, our high energy prices mean that the sooner we install energy storage, the more ratepayers can benefit.

## Stored energy can serve as an emergency backup to maintain grid reliability

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Currently, such backup is often in the form of "spinning reserves," or fossil fuel plants that are kept running even when the energy is not needed. Meanwhile, grid-scale battery technology has is being used with a number of renewable energy projects in Hawai'i, including wind farms on Maui and solar installations on Kaua'i and the Big Island.

### **SUGGESTED AMENDMENT**

Blue Planet respectfully requests that HB 265 be amended to delete the requirement that only storage devices of one megawatt-hour and larger qualify for the tax credit. We believe energy storage devices of all sizes can provide value to strengthening our electricity grid and reducing variability of renewable energy resources. Therefore we request that page 5, lines 11 – 12, be amended as follows:

"Grid-connected energy storage property" means equipment or devices that are connected to the electrical grid in either a centralized or distributed manner, ~~have a capacity of at least one megawatt-hour or one megawatt,~~ and do one or more of the following..."

Expanding Hawaii's energy storage capacity will improve the efficiency, flexibility, and reliability of our electric grid, allowing us to wring the most power out of it, while adding large amounts of new renewable energy resources like wind and solar.

Please forward HB 265.

Thank you for the opportunity to testify.

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

**H.B. 265 – Relating to Energy Storage**

**Tuesday, February 3, 2015  
8:30 AM, Conference Room 325**

**By Darren Ishimura  
Manager, Grid Technologies  
Hawaiian Electric Company**

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

My name is Darren Ishimura, Manager of Grid Technologies at Hawaiian Electric. I am testifying on behalf of Hawaiian Electric and its subsidiary utilities, Maui Electric and Hawai'i Electric Light (collectively the "Hawaiian Electric Companies").

Hawaiian Electric supports the intent of H.B. 265, but recommends the following guiding principles to be incorporated in future drafts of this bill:

- Tax credits for energy storage, as funded by ALL taxpayers in the State, should be made available to a broad customer base that facilitates applications not limited to solar generation and that can provide grid reliability benefits for ALL customers, including grid-connected energy storage systems, electric vehicles, and demand response.
- Tax credits for energy storage should be available to electric utilities to lower costs of projects, programs, and services that can result in cost savings for ALL customers.
- The bill should clearly define applicable "systems" that qualify for the tax credit to avoid unintended situations, including but not limited to, claims of multiple tax credits or dollar amounts outside the intent or scope of the tax credit.
- Tax credits for energy storage must not incentivize customers to leave the electric grid nor create or exacerbate any cost shift situations that unduly favor a subset of customers at the expense of others.

The above recommendations will create a more fair and balanced tax credit that, if managed under a broad and sustainable approach, will help Hawai'i achieve its clean energy future.

Thank you for the opportunity to testify on this measure.

# TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Grid-connected energy storage tax credit

BILL NUMBER: HB 265

INTRODUCED BY: McKelvey, C. Lee and Thielen

**EXECUTIVE SUMMARY:** This measure would allow a taxpayer to claim a tax credit for each grid-connected energy storage property placed into service between 1/1/16 and 12/31/26. The taxpayer may choose either an investment credit or a unitization credit, but not both. The credit amounts are unspecified. Because energy storage property is generally built to support some type of alternative energy generator, such as a solar farm, it may be seen as integral to the generator. As such, energy storage property may already be eligible for the renewable energy technologies credit under HRS section 235-12.5 on the state level and under IRC section 45 or 48 on the federal level, as determined in PLR (Private Letter Ruling) 201308005. If so, this measure may not be necessary.

**BRIEF SUMMARY:** Adds a new section to HRS chapter 235 to allow an individual or corporate net income taxpayer to claim an income tax credit for each grid-connected energy storage property that is installed and placed in service during a taxable year after 12/31/15 and shall not be available for tax years beginning after 12/31/26. The tax credit may be claimed in either, but not both, of the following forms:

**Investment credit:** An investment credit equal to: (1) for a grid-connected energy storage property first placed in service on or before 12/31/2021, not more than \_\_\_\_% of the basis; or (2) for a grid-connected energy storage property first placed in service after 12/31/2021, and on or before 12/31/2026, not more than \_\_\_\_% of the basis; or:

**Utilization credit:** A utilization credit equal to: (1) for a grid-connected energy storage property first placed in service on or before 12/31/2021, \_\_\_\_ cents per kilowatt-hour of energy storage capacity; or (2) for a grid-connected energy storage property first placed in service after 12/31/2021, and on or before 12/31/2026, \_\_\_\_ cents per kilowatt-hour of energy storage capacity. Permits the utilization credit to be claimed during each of the first ten taxable years that the grid-connected energy storage property is in service; provided that this annual utilization credit shall not exceed the product of the energy storage capacity measured in kilowatt-hours, multiplied by 365, multiplied by the applicable number of cents per kilowatt-hour.

Multiple owners of a grid-connected energy storage property shall be entitled to a single tax credit, and the tax credit shall be apportioned between the owners in proportion to their contribution to the basis of the grid-connected energy storage property. In the case of a partnership, S corporation, estate, or trust, the tax credit allowable shall be for every eligible grid-connected energy storage property that is installed and placed in service in the state by the entity. The basis upon which the tax credit is computed shall be determined at the entity level. Distribution and share of credit shall be determined pursuant to section 235-110.7(a).

Defines “basis,” “energy storage capacity,” “first placed in service” and “grid-connected energy storage property” for purposes of the measure.

Credits in excess of a taxpayer’s income tax liability may be applied to subsequent income tax liability until exhausted. Requires all claims for the credit to be filed on or before the end of the twelfth month following the close of the taxable year. The director of taxation may adopt rules pursuant to HRS chapter 91 and prepare the necessary forms to claim the credit and may require proof of the claim for the credit.

For any grid-connected energy storage property, a taxpayer may elect to reduce the eligible credit amount by 30% and, if this reduced amount exceeds the amount of income tax payment due from the taxpayer, the excess of the credit amount over payments due shall be refunded to the taxpayer; provided that no refund on account of the tax credit allowed by this section shall be made for amounts less than \$1. Allows an association of owners under HRS chapters 421I, 421J, 514A, or 514B to claim the credit allowed under this section in its own name for grid-connected energy storage property placed in service and located on common areas. No credit under this section shall be allowed to any federal, state, or local government or any political subdivision, agency, or instrumentality thereof.

Directs the department of taxation, in collaboration with the department of business, economic development, and tourism (DBEDT) to submit a report to the legislature on: (1) the number of grid-connected energy storage properties that have qualified for a tax credit during the preceding calendar year; (2) the total cost of the tax credit to the state during the taxable year; and (3) the estimated economic benefit that may be attributable to the grid-connected energy storage tax credit.

Appropriates \$ \_\_\_ in general funds for fiscal 2016 and 2017 to the department of taxation for the administration of the tax credit, effective July 1, 2015.

**EFFECTIVE DATE:** Tax years beginning after December 31, 2015

**STAFF COMMENTS:** The proposed measure would establish income tax credits to encourage the use of grid-connected energy storage technologies and systems. This measure would establish an investment credit of \_\_\_% of the basis or a utilization credit equal to \_\_\_ cents per kilowatt hours for such systems. However, such systems may already be eligible for the renewable energy technologies credit under HRS section 235-12.5; indeed, the IRS recently recognized, in PLR (Private Letter Ruling) 201308005, that such energy storage systems can be considered an integral part of a renewable energy system because it helps the underlying photovoltaic or wind system stabilize its output and thereby lessen its impact on the grid.

While the measure also proposes to define what types of storage property qualify for the proposed credit, consideration might be given to adopting the federal definitions of alternate energy devices which qualify for preferential treatment rather than attempting to make up rules and definitions that would be unique to Hawaii. Both taxpayers and the department of taxation could look to the federal standards for these devices for guidance, and such provisions would eliminate the possibility that the department would come up with terms and rules different from the ones that taxpayers use when they do their deals.



Instead of providing tax incentives via tax credits for the purchase of existing technology, lawmakers may want to take advantage of Hawaii's natural environment which lends itself to all sorts of possibilities to explore and develop more efficient means of harnessing the natural resources that pervade the Islands, from wind to sun to geothermal to hydrogen from Hawaii's vast resources, all of which could be further developed with the assistance and cooperation of government in Hawaii.

Digested 2/2/15



## HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

February 3, 2015,  
(*Testimony is 1 page long*)

### COMMENTS ON HB 265

Chair Lee and Members of the Committee:

The Alliance for Solar Choice (TASC) appreciates the opportunity to comment on HB 265, relating to energy storage.

TASC advocates for maintaining successful distributed solar energy policies and markets throughout the United States. Members of TASC represent the majority of the nation's rooftop solar market and include Demeter Power, Silevo, SolarCity, Solar Universe, Sunrun, Verengo, and ZEP. Collectively, TASC members serve a majority of the solar customers in Hawaii.

Energy storage is an important component of building a modern grid. Energy storage technologies can help avoid the need for massive investments in distribution, sub-transmission, transmission and generation assets, while allowing more customers to take advantage of cleaner and cheaper power sources. Moreover, storage — in association with smart policies like time of use rates — can encourage all customers to be a part of the solution in bringing down prices and increasing the reliability of the grid.

A well-designed storage tax credit — one that incentivizes investments in emerging technologies that benefit the public good and create the opportunity for an industry to grow to scale — is simply smart policy. **And, yet, we currently do not have the information to establish a good tax implementation policy.**

Hawaiian Electric currently *prohibits* customers from installing solar systems with storage technology on the grid. A week or two ago, Hawaiian Electric proposed a storage pilot of 1,000 homes, but it's unclear if and when this might happen. Until there is an option where all customers can install storage, a tax credit is not the limiting factor.

Further, advanced solar systems and energy storage is currently being considered by the Public Utilities Commission. The technological requirements and rates proposed will impact the size of a storage system needed, the functions needed, the relative-cost, and the need for a tax credit to incentivize this system. For example, a well-designed time-of-use rate might decrease the amount of a storage credit necessary. Giving the PUC the opportunity to consider this issue seems appropriate so that the Legislature can create a well-designed tax credit.

Thank you for considering our comments.

## EEPttestimony

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From: Colleen Wallis <cee@hawaii.rr.com>  
Sent: Monday, February 02, 2015 9:44 AM  
To: EEPttestimony  
Subject: Clean energy

Dear Representatives,

I strongly support any and all clean energy bills. Living in Hawaii where we have constant sunshine and fairly good weather, it seems foolish that we should have to pay for high energy bills.

Please pass the bill that will give us more clean energy.

Sincerely,

Colleen Miyose- Wallis

Kailua, Kona resident



Late

2/4/2015

House Committee on Energy & Environmental  
Protection

ENE

8:30 a.m.

HB 265

**TESTIMONY IN SUPPORT**

Dear Chair Lee, Vice Chair Lowen, and Members of the Committees:

Hawaii PV Coalition (“HPVC”) supports efforts to such as this measure accelerate the deployment of energy storage options, which will advance the state’s ambitious renewable energy goals and weaken our crippling dependence on imported fossil fuels.

For this reasons, we support HB 265. Thank you for the opportunity to provide this testimony.

Mark Duda  
President, Hawaii PV Coalition

*The Hawaii PV Coalition was formed in 2005 to support the greater use and more rapid diffusion of solar electric applications across the state. Working with business owners, homeowners and local and national stakeholders in the PV industry, the Coalition has been active during the state legislative sessions supporting pro-PV and renewable energy bills and helping inform elected representatives about the benefits of Hawaii-based solar electric applications.*

EEPttestimony

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From: mailinglist@capitol.hawaii.gov  
Sent: Tuesday, February 03, 2015 11:36 PM  
To: EEPtestimony  
Cc: teresa.parsons@hawaii.edu  
Subject: \*Submitted testimony for HB265 on Feb 3, 2015 08:30AM\*

**HB265**

LATE

Submitted on: 2/3/2015

Testimony for EEP on Feb 3, 2015 08:30AM in Conference Room 325

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Teresa Parsons	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.

Do not reply to this email. This inbox is not monitored. For assistance please email [webmaster@capitol.hawaii.gov](mailto:webmaster@capitol.hawaii.gov)