

**Testimony before the
House Committee on Finance**

April 7, 2016

S.B. No. 2604, S.D. 1 – Relating to a Microgrid Pilot Project for Schools

**By Scott Seu
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Chair Luke, Vice-Chair Nishimoto 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 bill should be amended to require that the microgrid pilot project be capable of both on-grid and off-grid operation. The optimal microgrid is one that not only serves the needs of the microgrid owner but also can benefit all customers by complementing the operation of the regular grid, such as through demand response programs or other grid support activities. Participation in such programs increases overall societal benefits and supports the entire State in reaching its renewable energy goals, not to mention can provide additional revenues to the microgrid owner. Such a microgrid operates connected to the regular grid during normal conditions, but during emergencies like sustained power outages, the microgrid can be designed to separate from the regular grid and operate independently for resiliency purposes. The bill should be amended to reflect this operational structure, as opposed to requiring that the microgrid be off-grid at all times.

Microgrids should be explored in a flexible manner that seeks to maximize benefits to the Department of Education and to the rest of Hawaii’s electric customers.

I also want to correct the record of House Standing Committee Report number 1090-16. Contrary to what is stated in the report, there are no pending microgrid interconnection applications at the utility and the utility has not in any way been an impediment to microgrid development. We’ve inquired with the DOE and Opterra on where this erroneous information may have come from and they are unaware. We continue to work collaboratively with the DOE and Opterra as they implement their Ka Hei program.

Thank you for this opportunity to testify.