



SIERRA CLUB OF HAWAI'I

MĀLAMA I KA HONUA. *Cherish the Earth.*

SENATE COMMITTEE ON TRANSPORTATION AND ENERGY

Friday, February 3, 2017, 2:45PM

IN SUPPORT OF SB 660, Relating to Renewable Energy

Aloha Chair Inouye, Vice-Chair Dela Cruz, and members of the committee,

The Sierra Club of Hawai'i strongly **supports** the intent SB 660. This measure seeks to broaden the scope of the Green Energy Market Securitization (GEMS) program by allowing the GEMS authority to accelerate the energy storage market by strategically deploying dormant funds.

Introduction and General Comments:

Currently, there are no state incentives for battery storage systems. In order for the people of Hawai'i to lower their high electricity bills as well as do their part to assist the State's goals to a 100% Renewable Portfolio Standard, there must be a mechanism to incent change. Hawai'i has one of the highest residential adoptions of solar photovoltaic (PV) in the United States, but low and middle income residents continue to be unable to afford such systems.

The legislature has stated several times that its goal is to help make PV available to all people in the state, especially those at the middle and lower income levels. The legislature has also implemented programs such as Community Based Renewable Energy to meet this goal. Unfortunately, requiring an additional expensive component to residential PV systems as a means to interconnect to the grid without providing an appropriate incentive will only result in two things: those fortunate enough to afford it who do not already have a system may grid defect due to cost, or low to middle income people who cannot afford it will opt out and continue paying high energy bills.

Citizens of the state have a right to be able to generate their own power, as well as choose where that power comes from. SB 660 empowers the people of Hawai'i to make this choice, and opens the energy market to an even wider swath of people.

Specific comments:

In order to expedite the process by which the GEMS authority can deploy funds for the proposed rebate program, overarching approval by the Public Utilities Commission should be removed. This control is detailed in the Hawai'i Revised Statutes, §196-64.

Although the Public Utilities Commission (PUC) is a competent and professional regulatory arm of the State of Hawai'i, removing them from the burden of having to approve every deployment of funds by the GEMS authority will allow it more time to focus on its primary mission. Additionally, having GEMS seek approval from the PUC on every deployment of funds it seeks, over complicates the matter and ultimately slows the progress towards a 100% RPS by 2045. We believe that all language pertaining to PUC oversight of the GEMS authority should be removed from §196-64.

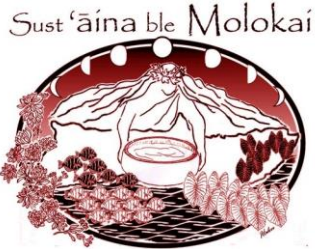
Lastly, we urge the legislature to consider a cap amount of \$35,000,000 of the total GEMS fund to be allocated to this program, thereby allowing GEMS to retain funding for other projects such as those laid out in Program Notification #10. We also recommend that this program only be applied to low and middle income residents making less than \$75,000 as a single filer or less than \$125,000 for a joint filer. This will allow a more strategic deployment of funds to an often overlooked segment of the population, as well as remaining in-line with the HGIA's mission to serve the underserved.

We urge the committee to pass SB 660.

Thank you very much for this opportunity to provide testimony on this important issue.

Mahalo,

Marti Townsend
Director



**SENATE COMMITTEE ON TRANSPORTATION & ENERGY
SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TOURISM, AND TECHNOLOGY**

Feb. 3, 2016, 2:45 P.M.

Room 414

(Testimony is 2 pages long)

COMMENTS ON SB 660

Aloha Chair Inouye, Chair Wakai, , Vice Chair Dela Cruz, Vice Chair Taniguchi,

Sust`āina ble Molokai strongly supports accelerating the market for energy storage. The development of a robust energy storage industry to serve local residents and businesses is a key component for strengthening the security of Hawaii's energy industry, and minimizing its environmental impact. **But we must oppose this bill as drafted, because it threatens to derail the Green Energy Market Securitization (GEMS) loan program.**

GEMS has been developed as a way to fill gaps and lower the cost of clean energy financing. Moreover, the program has been pointed squarely at addressing the needs of low-income and moderate-income energy customers. **To date, more than 90% of the energy upgrades financed by GEMS have been provided for the benefit of low-income and middle-income consumers.**¹

On December 23, 2016, the GEMS authority approved using up to \$10 million to finance solar hot water projects on Molokai. This type of program has a transformative power to reshape the energy landscape on Molokai, by reducing energy demand, lowering energy costs, and providing more consumer options. This can only happen if GEMS retains its ability to finance such projects.

Without this financing rural communities such as Molokai will not have the ability for middle to lower income households to participate in the renewable energy revolution. We are also using this project as a step towards a utility scale solar and battery storage community owned project. If we, as a community, do not have access to financing through GEMS then we have to rely on outside developers for utility scaled renewable energy projects and the community loses the opportunity to control island resources and be the drivers of our own destiny.

¹ This information was provided at the Hawaii Energy Policy Forum's legislative briefing in January 2017.



In its most recent quarterly report, the GEMS program noted that the ability to finance its mission. We agree. We also share the program's hope that its prior program notification regarding energy storage (and other notifications, such as for energy efficiency) will soon be able to proceed.

report, the GEMS program noted energy storage is "critical" to fulfilling

For these reasons, we support providing legislative policy guidance that GEMS may—and should—use its financing to accelerate energy storage.

However, we must remember that **GEMS is designed as a loan program**. When funds are deployed, the expectation is that they will be repaid by the consumer, and thus can be rolled over into a new loan. This expands the pool of consumers that can benefit from GEMS. This concept is fundamental to the original legislative intent of the program, and it is critical to its long-term success in helping low-income and middle-income customers. In contrast, a rebate program would not be repaid, and once the funds are expended GEMS could no longer serve its target.

For these reasons, we suggest the following alterations to the bill, if it is to be passed:

1. **Authorize below-cost energy storage financing.** Rather than requiring GEMS to issue rebates that would quickly eat away at the funds available for GEMS financing, the program could be authorized to issue below-cost financing for approved energy storage projects. That financing could help to support the energy storage market, while preserving a larger portion of the GEMS funds that can be rolled over into additional loans and enable more and more consumers to benefit.
2. **Expand to cover all forms of energy storage.** The current draft limits eligible energy storage devices to batteries. Other forms of energy storage (e.g. mechanical energy storage, thermal energy storage) can be equally valuable to the grid, and should also be encouraged. We suggest replacing the phrase "within a battery" with the phrase "within a chemical, mechanical, or thermal energy storage device."

Thank you for this opportunity to provide comment.

Emillia Noordhoek
Executive Director
Sus`aina ble Molok

Sust`aina ble Molokai



Sus`aina ble Molokai, PO Box 250, Kaunakakai, HI, 96748 ,Phone: 808-560-5410,
info@sustainablemolokai.org <http://www.sustainablemolokai.org>

Honorable Senators-

I wish the voice my support for SB 660.

Joshua F. Powell, AIA
1909 10th Ave.
Honolulu, HI 96816