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TO THE HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

THE TWENTY-NINTH LEGISLATURE
REGULAR SESSION OF 2017

THURSDAY, FEBRUARY 2, 2017
8:30 A.M.

TESTIMONY OF DEAN NISHINA, 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. 1283 - RELATING TO ENERGY

DESCRIPTION:

This measure proposes to require the Public Utilities Commission (“PUC” or “Commission”) to establish performance incentive mechanisms that directly tie electric utility revenues to the utility’s achievement on performance metrics and allow the PUC to delay implementation until no later than January 1, 2020.

POSITION:

The Division of Consumer Advocacy (“Consumer Advocate”) offers comments to this bill.

COMMENTS:

Performance incentive mechanisms are the subject of multiple ongoing dockets before the Commission. This legislation may be unnecessary.

The Commission initiated a Decoupling Investigation docket by issuing Order No. 31289 on May 31, 2013. In its subsequent Order No. 31484, the Commission identified General Issues 3. (“Whether performance incentives/penalties should be incorporated into the RBA, RAM or other utility rate designs or ratemaking procedures?”) and 4. (“Whether changes should be made to general ratemaking procedures to improve efficiency and/or effectiveness?”).

Most recently, the Commission issued Order No. 32735 on March 31, 2015, modifying decoupling mechanisms. However, the Commission declined to implement performance incentive mechanisms at that time, citing the impracticality of doing so before many related issues are resolved in other major dockets, such as the ownership of the Hawaiian Electric Companies, the power supply improvement plans, distributed energy resources, and integrated demand response planning. The Commission wrote that “care must be taken regarding the details of the performance metrics and mechanisms in order to ensure that the mechanisms are effective, are not subject to excessive gaming, and do not produce unintended deleterious consequences.” Parties to the Decoupling Investigation docket began filing statements of position and briefs on the further investigation of performance incentive mechanisms in June of 2015.

Furthermore, the Commission, through its Order No. 33342, required the Hawaii Electric Light Company (“HELCO”) to file its next rate proceeding with proposed economic incentive and cost recovery mechanisms, consistent with Act 37 of the 2013 SLH in order to further encourage reduction in costs and acceleration of clean energy transformation. Subsequently, when Hawaiian Electric Company (“HECO”) filed for a rate case in 2016, in Docket No. 2016-0328, HECO’s filing reflected the requirements that were placed on HELCO where the Commission is asked to consider proposed performance incentive mechanisms. Also, the Commission chair indicated in a public legislative informational briefing earlier this year that a Commission decision in the Decoupling Investigation may be forthcoming. This bill may be unnecessary and the Consumer Advocate urges the legislature to allow the Commission to complete the ongoing proceedings before requiring performance incentive mechanisms by a certain date.

Thank you for this opportunity to testify.

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

February 2, 2017
8:30 am

MEASURE: H.B. No. 1283

TITLE: RELATING TO THE PUBLIC UTILITIES COMMISSION

Chair Lee and Members of the Committee:

DESCRIPTION:

This measure would require the Public Utilities Commission (“Commission”) to establish performance incentive mechanisms that directly tie electric utility revenues to the utility’s achievement on performance metrics on or before January 1, 2020. This measure also sets forth a number of factors that the Commission would be required to consider in developing performance incentive and penalty mechanisms.

POSITION:

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

COMMENTS:

The Commission agrees that electric utility performance should be aligned with meeting the State’s energy goals and protecting ratepayers from potentially unnecessary additional costs. The Commission currently has an open docket to re-examine the HECO Companies’ Decoupling Mechanism (See Docket No. 2013-0141) and the development of performance incentive mechanisms is one of the issues pending final decision in that docket. The Commission also intends to examine implementation of performance incentive mechanisms in the forthcoming rate increase applications from each of the HECO Companies.

Thank you for the opportunity to testify on this measure.



HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Feb. 2, 2016, 8:30 A.M.
Room 325
(Testimony is 2 pages long)

TESTIMONY IN SUPPORT OF HB 1283

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

The Blue Planet Foundation **supports** HB 1283, setting a deadline to implement performance-based ratemaking for electric utilities. **We suggest one amendment.** Performance-based ratemaking is most applicable to investor-owned utilities. Thus, we propose a slight alteration of the bill's language, clarifying that the Public Utilities Commission may determine whether to exempt cooperative or municipal utilities.

“Cost-Plus” Ratemaking

Many Hawai'i residents and businesspeople are surprised to learn that utility rates across the country were traditionally set using a “cost-plus” system. Under this system, utility profits are generally set as a percentage of utility expenditures. As noted in the preamble of the bill, the Wall Street Journal has explained that under cost-plus ratemaking, “the more [utilities] spend, the more profits they earn.” The report called this “a regulatory system that turns corporate accounting on its head.”

During a recent informational briefing, utility expert Jim Lazar from the nonprofit Regulatory Assistance Project agreed with the Wall Street Journal's assessment. He summarized that in a cost-plus regime, “building stuff” leads to utility earnings. And “building more stuff” leads to more earnings. He further explained that this can create a disincentive for energy options that aren't owned by a utility. This might include energy efficiency, customer-owned energy projects, or third-party-owned energy projects.

This unbalanced incentive system is bad for everyone. Customers lose if it spurs sub-optimal investments in capital projects by utilities. Utility shareholders lose if the utility chooses third-party options.

“Cost Plus” Should Be Replaced with a Performance-Based System

In contrast to a cost-plus system, performance-based ratemaking would tie utility revenues to the achievement of PUC-approved performance benchmarks, while also ensuring that utilities remain viable by recouping approved expenditures. This would more firmly align the financial interests of utility shareholders with the interests of consumers.

The bill identifies several types of performance benchmarks to be considered by the PUC. The bills also allows other performance benchmarks to be considered; **additional benchmarks could be suggested by the PUC, Consumer Advocate, utilities, or other stakeholders.**

Potential Performance Benchmarks

- Electric rate affordability
- Reducing ratepayer risk
- Electric service reliability
- Customer satisfaction
- Quickly interconnecting customer projects
- Timely competitive procurement processes
- Exceeding renewable portfolio standards

Long-Awaited Reform

The 2014 PUC “Inclinations” were focused on aligning customer interests with the utility

business model. Subsequent years have seen this re-alignment examined in several ways. For example, the PUC has directed utility power supply improvement plans to evaluate the utility business model. The PUC has also investigated the “decoupling” process, which was intended to remove an incentive to sell more energy (and thus removing a disincentive for energy efficiency).

Recently, the Hawaiian Electric Companies have filed several “rate cases” with the PUC. Those rate cases propose a limited set of performance benchmarks. **Hawaiian Electric has also requested that the PUC “initiate a separate investigatory docket based on HRS § 269-6(d) . . . to fully develop a comprehensive PBR [performance-based ratemaking] Framework for all three Hawaiian Electric Companies.”**¹ This prior and ongoing work provides a foundation for implementing a comprehensive performance-based ratemaking process. With HB 1283, the legislature would ensure that this long-awaited and consumer-friendly update to the regulatory compact will be accomplished within the next three years.

Suggested Amendment

To ensure that the PUC maintains discretion to fashion appropriate ratemaking mechanisms for the various utility ownership models that are, or may be, under its regulatory control, we suggest amending subsection (a) to clarify that the PUC may exempt cooperative and municipal utilities.

(a) On or before January 1, 2020, the public utilities commission shall establish performance incentive and penalty mechanisms that directly tie investor-owned electric utility revenues to a utility's achievement on performance metrics. Once established, such performance incentives and penalties, as may be amended by the public utilities commission from time to time, shall apply to all regulation of electric utility rates under section 269-16. The commission shall have discretion to determine whether performance incentive and penalty mechanisms shall apply to electric utilities owned by a cooperative or municipality.

¹ See Hawaiian Electric Company, Inc. 2017 Test Year Application, filed Dec. 16, 2016 in Docket No. 2016-0328, at page 20.



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COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
Rep. Chris Lee, Chair
Rep. Nicole E. Lowen, Vice Chair

DATE: Thursday, February 2, 2017
TIME: 8:30am
PLACE: Conference Room 325

re: HB 1283 Relating Energy (Performance Incentive Mechanisms)

SUPPORT

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

Life of the Land is Hawai`i's own energy, environmental and community action group advocating for the people and `aina for 47 years. Our mission is to preserve and protect the life of the land through sound energy and land use policies and to promote open government through research, education, advocacy and, when necessary, litigation.

Performance Incentive Mechanisms (PIMs) sound simply, to replace a Cost of Service (COS) model, which rewards investments, with Incentive Regulation, which rewards achieving State goals. You simply tell the utility what you want, and then pay them according to how well they do against that mandate. If it were that easy, we wouldn't need the Legislature, DBECT, or the Public Utilities Commission.

The issues are simple. What should be incentive? If the goal would have been achieved without the incentive, should the incentive payment still be awarded? How can the system be gamed, and how can gaming be monitored and mitigated? The application of incentive regulation is difficult.

The United Kingdom's RIIO (Revenue = Incentives + Innovation + Outputs) transformation started in 2008. A major decision was reached in 2015.

The most advanced US reform is the New York State "Reforming the Energy Vision" (REV) initiative which was launched in 2014. The on-going proceeding includes over 1,000 formal documents submitted by dozens and dozens of parties, and another 5,000 public comments.

The Public Utilities Commission's first consideration of incentive regulation occurred in the last millennium. Hawaiian Electric Company (HECO), Hawaii Electric Light Company (HELCO), Maui Electric Company (MECO) filed a request in 1999 "*for approval to implement performance based ratemaking in their next respective rate cases.*"

Act 95-2004 (SB2474 SD3 HD2) and Act 162 (SB3185 SD2 HD2 CD1) created and modified HRS §269-95, Renewable portfolio standards study¹. The bills authorized the Commission to examine alternative rate structures, including performance-based ratemaking, to future the renewable portfolio standards (RPS).

The Commission began examining incentive regulation in an investigation of decoupling in docket 2008-0274. There were disagreements among intervenors and among Commissioners.

Act 37-2013 (SB120 SD1) stated that the "public utilities commission, in carrying out its responsibilities under this chapter, shall consider whether the implementation of one or more of the following economic incentives or cost recovery mechanisms would be in the public interest."²

Incentive regulation was re-examined by the Commission in its investigation to reexamine the decoupling mechanism, docket 2013-0141.

The Commission opened up docket 2015-0170 to examine HELCO's proposed 6.5 percent rate hike. The Commission asserted that Performance Incentive Metrics will be examined in this proceeding. The entities that filed motions to intervene are Life of the Land & Puna Pono Alliance (LOL/PPA), Hawaii PV Coalition (HPVC), Hawai'i Department of Business, Economic Development and Tourism (DBEDT), and the County of Hawai'i (CoH).

Mahalo,

Henry Curtis
Executive Director

¹ http://www.capitol.hawaii.gov/hrscurrent/Vol05_Ch0261-0319/HRS0269/HRS_0269-0095.htm

² http://www.capitol.hawaii.gov/session2013/bills/SB120_SD1_.htm



Before the House Committee on Energy and Environmental Protection
Thursday, February 2, 2017, 8:30 a.m., Room 325
HB 1283: RELATING TO ENERGY

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

On behalf of the Distributed Energy Resources Council of Hawaii, I would like to testify in support for HB 1283, which requires the PUC (“Commission”) to establish performance incentive mechanisms that directly tie electric utility revenues to the utility’s achievement on performance metrics. This bill is effective July 1, 2017, but it allows the PUC to delay implementation until no later than January 1, 2020. The DER Council is a nonprofit trade organization formed to assist with the development of distributed energy resources and smart grid technologies to support an affordable, reliable, and sustainable energy supply for Hawaii.

The DER Council strongly supports HB 1283 as it starts the process of reforming the utility’s business model to meet the needs of Hawaii’s energy transformation. We believe that HB 1283 combines both clarity and caution. First, HB 1283 directs the Commission to include and consider several key performance metrics which will ensure that our decoupled utility will make the best decisions and most effectively engineer our energy transformation with their guaranteed revenue requirement. Right now, under the decoupled business model, the utility makes a guaranteed revenue which is not specifically tied to any particular performance. HB 1283 would assist the utility in reforming its business model by tying the utility’s revenues to performance determined as necessary by the commission. Next, HB 1283 gives the Commission and the utility ample time to integrate these changes, as the Commission need not implement the performance metrics until January 1, 2020.

In addition, the DER Council wishes to note that the Commission is no longer considering performance incentive metrics under the Reexamination of the Decoupling docket.¹ Although the docket is still open, and the Commission is still considering other performance metrics such as safety and reliability, metrics specifically tied to energy metrics are no longer part of the docket. Also, the DER Council wishes to note that although the PSIP docket will present a variety of plans for the Commission and stakeholders to consider, it will not involve any fundamental changes to the utility’s business model. HB 1283 *does* address the utility business model, and it gives clear yet flexible guidance to the Commission as we move ahead with our energy plan.

Thank you for the opportunity to testify.

Leslie Cole-Brooks
Executive Director
Distributed Energy Resources Council of Hawaii

¹ Order No. 327735, Docket No. 2013-0410 where “[t]he commission reiterates that it will not give further consideration to energy policy PIMs (performance incentive metrics) as distinguished above, in this docket.” At 46.

**TESTIMONY BEFORE THE HOUSE COMMITTEE ON
ENERGY & ENVIRONMENTAL PROTECTION**

H.B. No. 1283

Relating to Energy

Tuesday, February 2, 2017

8:30 am

State Capitol, Conference Room 325

Kevin M. Katsura
Assistant Deputy General Counsel (Regulatory), Legal Department
Hawaiian Electric Company, Inc.

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

My name is Kevin Katsura and I am testifying on behalf of Hawaiian Electric Company and its subsidiary utilities Maui Electric Company and Hawai'i Electric Light Company. The Companies support the intent of H.B. 1283, however oppose it in its current draft because it is potentially too prescriptive and overbroad.

The Companies support carefully designed incentive based regulation, a.k.a., performance based ratemaking ("PBR"). Indeed, this bill may be unnecessary because the Companies have recommended in Hawaii Public Utilities Commission ("Commission") proceedings that an investigatory docket be opened to fully review and develop a comprehensive PBR Framework.

However, if the bill were to move forward, the Companies respectfully submit that it would be better to establish a framework of principles within which the scope of PBR and the incentives themselves should be developed rather than jumping ahead and prescribing specific outcomes now. This is because PBR models can be designed in many different ways for many different purposes. Like any change in regulatory ratemaking, the basic principles of a PBR model should be first established, and great care should be given to avoid unintended consequences.

Thus, PBR can more quickly and effectively be developed and implemented if principles, such as the following, are first established.

PBR is best considered as an adaptation to traditional rate-making rather than a completely new and different approach. All PBR plans are founded on cost-based rates determined in the same way as a traditional general rate case. Incentives can then be layered on top of the cost-based rates to encourage desired outcomes. If, over time, the desirable outcomes are achieved, the utility will earn a greater return than it would have done under traditional ratemaking. Conversely, if the desirable outcome is not achieved, the utility will earn a smaller return than it would have done under traditional ratemaking.

The utility should bear risk from factors that are within management control but should not bear the risk from factors that are outside its control. PBR plans frequently incorporate a mechanism to pass through changes in elements of cost that are outside management control, such as fuel prices or changes in taxation. PBR plans also frequently incorporate sales decoupling so that management does not have a conflict between the policy goals of energy conservation and promoting distributed energy resources and the fact that lower retail sales will lower profits. Targets should be realistic and attainable and consistent with funding levels and measurement of results should be objective.

A PBR plan must provide the utility with a reasonable opportunity to earn a fair rate of return. Employing a PBR plan does not change the applicable regulatory standards and protections associated with determining an authorized rate of return.

Incentives to achieve clean energy goals and other specific outcomes, can be developed based on and should be consistent with the underlying service and resource plan on which the PBR plan is based.

Well-designed PBR plans tend to have a small number of incentives in key performance areas. There are limits on the total amount of revenue that can be put at risk through incentive schemes, so if there are too many individual incentives the strength of any one incentive will be diluted.

As drafted, this bill does not establish a framework of principles that should anchor the development of specific incentives. It also requires that all aspects of rates should be tied to performance metrics, and prescribes the objectives that must be considered for outcomes, which are overbroad, too complicated and may be counter-productive. Such a framework would make the Company subject to penalties and rewards for factors outside of its control and potentially expose the Company and ultimately its customers to higher levels of risk that could affect the Company's financial state, its ability to invest in electrical and renewable infrastructure and the provision of reliable service.

Finally, specific outcomes to be incentivized should support the Companies' Power Supply Improvement Plans as those may be approved or modified by the Commission in Docket No. 2014-0182 and/or desired outcomes established in the Commission's ongoing Distributed Energy Resource ("DER") docket (Docket No. 2014-0193 to name a few. The seven objectives listed in this bill seem to predetermine outcomes in those dockets.

Accordingly, the Hawaiian Electric Companies oppose H.B. 1283 as drafted.

Thank you for this opportunity to testify.



HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

February 2, 2017
8:30 a.m., Room 325
(*Testimony is 1 page long*)

TESTIMONY IN SUPPORT OF HB 1283

Chair Lee and Members of the Committee:

The Alliance for Solar Choice (TASC) appreciates the opportunity to comment on HB 1283, requiring the public utilities commission to compensate electric utilities under a performance incentive mechanism. TASC supports this measure.

Where utilities have been encouraged to move towards lower cost solutions, they've found that distributed solutions can save significant sums of money. For example, in the Brooklyn Queens program, by using 52 MW of demand response and 17 MW of distributed resources, the utility was able to defer a \$1.2 billion substation improvement.

Under the current utility business model, this approach would not be the preferred approach. Utilities are incentivized to find a way to build a more expensive solution, even if it doesn't serve the public interest.

Moving to a performance based incentive solution has the potential to save consumers billions dollars that would otherwise be spent on infrastructure that may become an obsolete, stranded investment in the near future.

TASC envisions a future in which a majority of utility earnings are from performance-based incentives, with return-on-equity declining as a share of earnings. Performance based incentives should be sufficient to overcome the bias toward capital investment. The key is to incentivize the right kinds of investment. Utilities could continue to earn a rate of return on existing rate base (to recover embedded costs and return on that investment) but going forward only capital expenditures consistent with the role of an independent system operator should be eligible for performance-based earnings, such as investment that empowers customers to exercise the choices to manage their own power consumption, improves reliability, lowers overall system costs, lowers peak demand, and reduces carbon intensity of the electric system.

Mahalo for considering these comments.

From: mailinglist@capitol.hawaii.gov
Sent: Monday, January 30, 2017 6:33 PM
To: EEPtestimony
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for HB1283 on Feb 2, 2017 08:30AM*

HB1283

Submitted on: 1/30/2017

Testimony for EEP on Feb 2, 2017 08:30AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	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.

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SENATE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Thursday, February 2, 2017 8:30 AM Conference Room 325

In SUPPORT of HB 1283 Relating to Energy

Aloha Chairman Lee and members of the Energy and Environmental Protection Committee,

The Sierra Club of Hawai'i strongly supports HB 1283, which seeks to require the PUC to establish performance incentive mechanisms that directly tie electric utility revenues to the utility's achievement on performance metrics.

We have 20,000 members and supporters throughout the Hawaiian Islands. Since 1968, the Sierra Club of Hawai'i has been working to protect the unique natural and cultural resources of our islands. The Club recognizes climate change as an imminent threat to our environment that exacerbates every other environmental concern. The Club enthusiastically supports this measure that will rapidly accelerate the growth of renewable energy projects in Hawai'i.

The existing regulatory model rewards utilities for increasing capital expenditures, which does not encourage utility performance towards the state's 2045 goal. Establishing a performance-based model creates an incentive for the utility to exceed its renewable portfolio standards. Tying utility revenues to performance metrics aligns the interests of both shareholder value and public policy goals.[1] As the PUC concluded,

It is essential that properly structured power generation cost recovery and financial incentive mechanisms are in place to guide and reward the HECO Companies for implementing [transformative energy] strategies and actions With new incentive mechanisms that better align utility performance with customers' interests and public policy, a financially healthy utility can be synonymous with achieving Hawaii's clean energy future.[2]

Also, a performance-based ratemaking model would incentivize the electric utility to be more closely aligned with the desires of ratepayers. A 2015 Blue Planet Foundation poll confirmed that 81% of Hawaii's residents are "very or fairly concerned" about climate change with 49% of people polled stating that "price must be balanced with

environment, health, jobs, and community” and 46% stating “price is less important than environment, health, jobs and community”. Only 5% of people polled stated that “price is the only thing that matters when it comes to energy”. Clearly, a majority of residents of Hawai’i desire to live in a state which values energy sources which do not cause harm to the environment. Currently, with a majority of Hawaiian Electric Industries’ electricity generated through burning fossil fuels, the leading cause of exacerbating the effects of climate change, the state’s major electric utility is not responding to the desires of its ratepayers.

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

Mahalo,

Martha Townsend
Director

[1] John Banks, *Why Performance-Based Regulation is Important for the Electric Utility Transformation*. Brookings Institute. Dec. 3, 2015. <https://www.brookings.edu/blog/planetpolicy/2015/12/03/why-performance-based-regulation-is-important-for-the-electric-utility-transformation/>

[2] *Evaluation of Hawaii’s Renewable Energy Policy and Procurement*, Energy and Environmental Economics, Inc. Jan. 2014. <http://puc.hawaii.gov/wp-content/uploads/2013/04/HIPUC-Final-Report-January-2014-Revision.pdf>



LATE

Hawaii Solar Energy Association
Serving Hawaii Since 1977

**TESTIMONY OF THE HAWAII SOLAR ENERGY ASSOCIATION
IN REGARD TO HB 1283, RELATING TO ENERGY
BEFORE THE
HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION
ON
THURSDAY, FEBRUARY 2, 2017**

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 1283 with comments. The measure amends §269 to include language that will designate the public utilities commission to establish performance based mechanisms, rendering electric utility revenue to be a product of its achievement on performance metrics.

These amendments are in line with issues surrounding the Commission’s “Inclinations” docket released on April 28th, 2014.¹ It also sets a precedent by the which the utility should be functioning as a service for the public’s benefit.

Currently, several resource and grid modification options are being discussed in active dockets at the Public Utilities Commission.² There are no mechanisms being discussed that would incent the utility to meet the objectives laid out in Hawaii Revised Statutes §269-92 other than guidelines and directives regulated by the Public Utilities Commission. By passing HB 1283, the legislature will codify into law a process by which the utility will either be rewarded or penalized for meeting renewable energy goals and milestones. This type of legislation represents the enforcement of the aggressive renewable portfolio standard that the state has set for itself.

Rather than relying on a vertically integrated, investor owned, for-profit utility to meet our state’s renewable energy goals, the performance-based mechanisms outlined in HB 1283 should be adopted. We are currently into the 4th iteration of the PSIP process, not to mention the work that has transferred over from the now defunct Integrated Resources Plan docket. The most current version of the Power Supply improvement Plan, while vast and complex in nature, has yet to be approved and ratified by the Public Utilities Commission.

Rather than having a rate making structure that fights innovative and disruptive technologies such as solar and wind, why not adopt a structure that incents utilities to

¹ See Order No. 32052, Docket No. 2012-0036, “Commissions Inclinations on the Future of the Public Utility”

² See docket No. 2014-0183, Power Supply Improvement Plans, Docket No. 2014-0192, Docket No. 2015-0389

¹Order No.32052, Docket No. 2012-0036, 16–29



Hawaii Solar Energy Association

Serving Hawaii Since 1977

allow more of these resources on to the grid, and provides a path for the utility to integrate these resources?

There is clearly precedent for this type of legislation already present in the Hawaii Revised Statutes, as well as in the current regulatory climate within the state. HB 1283 is completely in-line with the 2045 RPS goals, follows recent guidance by the PUC, will create a more flexible market for the various energy resources in the state, and will allow more predictable rates for the electric customers of this state. It also discourages market activity that might otherwise hurt the state's progress toward a 100% RPS, such as grid defection.³

We strongly support this bill and urge the committee to pass HB 1283

Thank you for the opportunity to testify.

³ See <http://www.synapse-energy.com/sites/default/files/performance-based-reg-high-der-future.pdf>

¹Order No.32052, Docket No. 2012-0036, 16–29

LATE

HB1283

Performance based ratemaking, Public Utilities Commission

February 2, 2017

Energy and Environmental Protection

Aloha Chair Lee, Vice Chair Lowen, and Members of the committee. My name is Maxim Poudrier-Tudan, I am a student at the University of Hawaii at Manoa, and I am testifying in support of HB1283 on performance based ratemaking for the Public Utilities Commission.

I am support of this bill for several reasons. First and foremost, I am a full time student at the University of Hawaii who only makes \$9.50 an hour. Electricity is where a major portion of my money goes toward, and it appalls me that as a consumer of this resource I am paying three times more than that of the national average; due to the fact that with my electricity costs so high this month I am barely able to afford my textbooks, let alone food to feed myself for the month. I was deeply alarmed when hearing of this information, and knowing that there are alternative ways such as this bill to help lower my electricity costs.

I am in favor of this bill from an environmental standpoint as well. Hawaii considers itself a leader in the United States in regards to its progress combating climate change; but how can this State consider itself this when the energy costs are so high. If this bill were to pass it would increase the implementation for renewable energy such as solar power, for our homes which could save Hawaii residents thousands of dollars annually and further progress towards environmental stability, and push this state in the direction of achieving its goal of being rid of non-renewable energy sources by 2045.

LATE

February 2, 2017

Aloha Chair Lee, Vice Chair Lowen, and members of the EEP committee,

My name is Kirsten Helgeson, and I am writing in support of HB1283. I am a graduate student at the University of Hawai'i currently living in the Makiki/Punchbowl neighborhood, and I am deeply concerned about climate change. I support this bill because it has the potential to reduce electricity rates and increase the availability of renewable energy resources.

I come from California, and I have been living in Hawai'i for almost four years. It feels just as much like home to me now as California does, as I have found a wonderful community here and would be deeply saddened if I had to leave. However, I fully expect to be pulled apart from my Hawai'i 'ohana someday, partly due to the cost of living. This is especially true for those of us with hopes of owning a home or starting a family. Although we try to make the best of it, locals and non-locals alike struggle to pay for basic necessities, and at times living in Honolulu can be a frustrating and discouraging experience. Lowering electricity bills, particularly through increased use of renewables, is one way to reduce the cost of living for Hawai'i residents. If the cost lowering is significant, this may help raise spirits and keep communities thriving.

Most of all, I support HB1283 because of the potential to bring more renewable energy to Hawai'i. My parents installed solar panels on their house in California and are very happy with their decision. I would like for homeowners here to have that same opportunity. Given the potential for renewable energy production and the goal for Hawai'i to run on 100% renewables by 2045, there is no reason not to act now to get more solar panels and other types of renewable energy to homeowners and others on the islands as quickly as possible. Especially as our current federal government cannot be trusted to make advances in this arena, Hawai'i has to be among the states that take the lead.

Climate change is a deeply pressing issue for me on a personal level, as it presents an existential crisis that looms in the background of my life, influencing big decisions like what kind of career to pursue, where in the world to live, and whether to start a family. I have always envisioned having children someday, but I fear bringing them into a world that is so dark and dismal that they wish they were never born. This fear could be a reality if people around the world do not work to avert climate disaster, and that means taking action now. Rather than living in a world of fear, let's build a world of hope. We can have hope by enacting HB1283 and making moves toward bringing more renewable energy to Hawai'i now.

Mahalo,

Kirsten Helgeson
kjhelg@hawaii.edu

LATE

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 1, 2017 10:19 PM
To: EEPtestimony
Cc: Christinenoel@live.com
Subject: *Submitted testimony for HB1283 on Feb 2, 2017 08:30AM*

HB1283

Submitted on: 2/1/2017

Testimony for EEP on Feb 2, 2017 08:30AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Christine Johnson	Individual	Support	No

Comments:

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LATE

Aloha Vice Chair Nicole Lowen,

My name is Lilly and I am a recent college graduate, currently working over in Kalihi for the past 6 months. I am writing this testimony in support of HB1283.

My narrative is not different from the majority of my peers: I work almost 60 hours a week to support myself and my little sister, try and volunteer my time in the community, and am saving up to go to grad school. I support this bill because I am tired of choosing between my environmental conscience and my financial constraints. I hate that I have to worry about providing for my sister's future while at the same time wondering what that future will even entail without stronger measures to implement renewable energy sources.

I know that not everyone can afford to make environmentally friendly decisions. Simply put, I believe that with HB1283 people will finally be able to decide with their conscience and not their bank account.

Thank you for this opportunity to submit my testimony.

Lilly Iijima

lillyijima@gmail.com

LATE

Charessa Fryc

University of Hawaii at Manoa Student

Salt Lake, Hawaii

Testimony for HB1283

Greetings, My name is Charessa Fryc. I am a resident of Hawaii, residing in Salt Lake concerned about the environment and Climate Change. I am testifying in strong support of HB1283, The Hawaii Ratepayer Protection Act.

As an environmental activist who is deeply concerned about Climate Change, this bill is exciting news. Currently, Hawaii is very dependent on fossil fuels, and since we currently don't have much access to renewable energy, this bill has the potential to lead us to our 2045 goal to become 100% renewable, while also making the transition smooth enough as to not inconvenience residents with higher fossil fuel prices. At the current rate of fossil fuel consumption in Hawaii and around the world, it is unsustainable. We are producing more CO2 in the air than our forests and water can absorb and this is caused by our extensive use of fossil fuels which is accelerating climate change at alarming rates. Climate change is the biggest threat we face in our future, and the affects will be devastating. We are already seeing the effects of climate change in our weather patterns, which have become more erratic, sea levels rising which are causing coastlines to disappear, and our glaciers are diminishing at alarming rates. If we don't take steps to reduce our fossil fuel consumption, the effects of climate change will become worse and worse as the years go by. We must act now, and this bill will lead us to the right direction by possibly leading us to a smooth transition to renewable energy, which will reduce our state's fossil fuel consumption, to real our 2045 goal to become 100% renewable energy. By reaching our 2045 goal, we will be one of the leaders of the world to inspire other nations to do the same so we can fight climate change together.

Climate change is devastating. All around the world, Climate Change is affecting us everywhere, and here, in Hawaii our wildlife is affected immensely. Our Ecology is unique, and the wildlife here is full of beauty and vibrant colors. The I'iwi bird and honey creepers, which are vibrant colored birds with luscious gold and red feathers are endangered in our rainforests, and many species have gone extinct. Climate Change is causing our precious birds to be endangered, and it makes me angry to think that we can do something about it, so long as we work together to decelerate Climate Change, so we can have much more sustainable habitats for our precious, beautiful birds. I've always wanted to see an I'iwi in person, but because of Climate Change, I haven't been able to see them unless in pictures. I'd like to see them thrive once again. I hope you will consider passing this bill, since over time it will transition us to renewable energy, which will lead us in the right direction to fighting climate change.

- Charessa Fryc

LATE

Dear Vice Chair Lowen,

As a Hawaii resident and voter, I strongly support HB 1283 because it makes overwhelming sense for Hawaii residents, who currently pay the highest utility rate in the country (3 times the national average) despite the abundance of renewable resources available to us (e.g. sunshine). It also makes sense for reaching the state's goal to be fossil fuel free by 2045.

Islanders want cheaper electricity. This is apparent when you see a plethora of solar panels on the island. This is why programs like NEM were so popular. Islanders also have a right to affordable electricity, and it is undeniable that cheaper electricity is possible in Hawaii if HECO was required to align their goals with that of Hawaii residents. HECO should absolutely not be spending billions of dollars shipping oil to the most geographically isolated islands on earth. This makes no sense!!! This is not in line with the financial goals of Hawaii residents, nor does it align with our state's environmental goals.

Hawaii's goal to be completely independent of fossil fuels by 2045 is not actually going to happen until we take the appropriate actions to make it happen. HB 1283 would be a step in the right direction. The 2045 bill made national news when it was passed. The rest of the nation is looking at our state to set an example on the future of energy. I don't want HECO's profit model as a company to be thing that dictates Hawaii's energy future. I think Hawaii's energy future should be dictated by the people.

I appreciate this opportunity to testify.

Sincerely,

Alison Crabb
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