

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

February 7, 2017  
9:30 am

**MEASURE:** H.B. No. 792

**TITLE:** RELATING TO ELECTRICITY GENERATION

Chair Lee and Members of the Committee:

**DESCRIPTION:**

This measure would require the Public Utilities Commission (“Commission”) to develop standards and requirements to expedite the interconnection of qualifying customer self-supply facilities. This measure would also require the Commission to allow a customer who is interconnecting a customer self-supply facility to select any rate schedule for which the customer would otherwise qualify.

**POSITION:**

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

**COMMENTS:**

The Commission notes that the current interconnection standards and requirements for customers seeking to interconnect self-supply facilities were developed to provide for streamlined interconnection while ensuring safety and reliability through the collaboration and review of a broad spectrum of stakeholders in the Commission’s ongoing Distributed Energy Resources investigation (See Docket No. 2014-0192). As this Docket progresses the Commission continues to look at ways to improve and streamline the interconnection process while providing the same level of safety and reliability.

The Commission also notes that customers interconnecting a customer self-supply facility are already able to select any rate schedule for which the customer would otherwise

H.B. No. 792

Page 2

qualify and are not treated as a unique or separate customer class for ratemaking purposes.

Thank you for the opportunity to testify on this measure.



DAVID Y. IGE  
GOVERNOR  
SHAN S. TSUTSUI  
LT. GOVERNOR

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DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

THE TWENTY-NINTH LEGISLATURE  
REGULAR SESSION OF 2017

TUESDAY, FEBRUARY 7, 2017  
9:30 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. 792 - RELATING TO ELECTRICITY GENERATION

**DESCRIPTION:**

This measure proposes to make the use of customer self-supply facilities economically viable by requiring the Public Utilities Commission ("PUC" or "Commission") to develop standards and requirements to expedite the interconnection of qualifying customer self-supply facilities and allowing qualifying customers to select an applicable rate schedule.

**POSITION:**

The Division of Consumer Advocacy ("Consumer Advocate") provides comments to this bill.

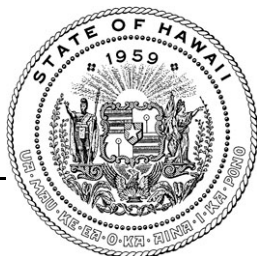
**COMMENTS:**

The Consumer Advocate appreciates the intent of the bill, which is to facilitate the ability of interested customers to interconnect self-supply photovoltaic systems. It should be noted that, as part of Docket No. 2014-0192, the issues related to the interconnection of distributed generating resources, especially self-supply photovoltaic systems are being addressed at this very time. Thus, since the issues associated with this are complex and ongoing, we would ask the Committee to allow the Commission process to proceed and to consider deferring this measure at this time.

The Consumer Advocate also offers that singling out self-supply generating systems in the statutory language may unnecessarily and inappropriately elevate attention toward this one technology and program above other competing technologies and programs. This may result in unintended consequences.

The Consumer Advocate is also concerned with the language that would provide further preferential treatment where a participating customer could choose from any rate schedule for which they might qualify even if they didn't have a self-supply generating system. This type of provision might have been necessary for an early technology for which added economic incentive might have been required. However, including such language now would certainly guarantee that other customers will be inappropriately subsidizing these systems. This will likely result in customer decisions that are based on inefficient pricing signals and could result in skewed market results. The Consumer Advocate strongly urges the legislature allow market forces to influence the optimal path to Hawaii's clean energy transition rather than facilitating the subsidization of certain technologies or programs.

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 AND ENVIRONMENTAL PROTECTION**  
Tuesday, February 7, 2017  
9:30 a.m.  
State Capitol, Conference Room 325

in consideration of  
**HB792**  
**RELATING TO ELECTRICITY GENERATION.**

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

The Department of Business, Economic Development and Tourism (DBEDT) **opposes** HB792, which creates the definition of customer self-supply (CSS) facility and requires the Commission to develop standards and requirements to expedite the interconnection of CSS facilities of up to 50 kW. It also allows the Commission to allow customers interconnecting a CSS facility to select any rate schedule.

We advise the Legislature against this measure as matters pertaining to the interconnection of CSS facilities and related ratemaking are currently being evaluated under Phase 2 of the Distributed Energy Resources Docket No. 2014-0192. More specifically, the Commission has set forth a near-term procedural schedule under Order No. 34206 for the treatment and resolution of the matters being discussed in this bill by a broad stakeholder group. We recommend that the Legislature allow for the resolution of such matters under the ongoing regulatory process.

Thank you for the opportunity to offer comments on this measure.



Before the House Committee on Energy & Environmental Protection  
Tuesday, February 7, 2017; 9:30 a.m., Room 325  
HB 792: Relating to Electricity Generation

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

On behalf of the Distributed Energy Resources Council of Hawaii (“DER Council”), I would like to offer comments on HB 792 which directs the PUC to develop standards and requirements to expedite the interconnection of customer self-supply systems and allows qualifying customers to select an applicable rate schedule.

The DER Council is a nonprofit trade organization formed to assist with the development of distributed energy resources and smart grid technologies which will support an affordable, reliable, and sustainable energy supply for Hawaii.

We strongly support standards and requirements that allow an expedited interconnection process for customer self-supply systems (“CSS”). CSS systems stand to be part of the next wave of our energy development, as CSS systems can be used to help shift peak load, provide capacity, and be a source of a wide variety of ancillary services for the benefit of all ratepayers. CSS systems also have little to no impact on the electrical grid, and should be allowed to interconnect through an efficient and streamlined process. However, an expedited process is already in place, and it is unclear how HB 792 is designed to improve upon the current process.

Also, we are concerned about the following text:

“ A customer deploying a customer self-supply facility shall not be treated as a unique or separate customer class for ratemaking purposes.” (p. 5 at lines 3-5).

In some cases a special ratemaking process just for CSS customers may occur, such that an incentive is created for those CSS customers to export and self-consume during specific times. Although we appreciate the spirit of the language cited above, we want to ensure that this language would not impede the development of a particular and unique rate for CSS which is designed for the benefit of CSS customers.

Thank you for the opportunity to testify.  
Leslie Cole-Brooks  
Executive Director  
Distributed Energy Resources Council of Hawaii



**LATE**

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

**TESTIMONY OF HAWAII SOLAR ENERGY ASSOCIATION  
IN REGARD TO HB 792, RELATING TO ELECTRICITY GENERATION  
BEFORE THE  
HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION  
ON  
TUESDAY, FEBRUARY 6<sup>th</sup>, 2017**

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

We **support** HB 792. This bill seeks to amend Hawaii Revised Statutes §269-142 regarding reliability standards and interconnection requirements to expedite the interconnection of customer self-supply (CSS) facilities.

Over the past year, the solar industry has experienced a number of setbacks and bottlenecks that have contributed to a major slowdown in market activity. This has directly resulted in electric consumers being unable to find relief in their high electric bills by switching to solar. In fact, the HSEA has kept track of permitted and installed solar systems and has diligently documented a steady decline in these numbers.<sup>1</sup>

One of the bottlenecks experienced by the industry is the slow process to interconnect viable systems to the grid. As CSS systems often have an energy storage component and are required by interconnection standards to be unable to export significant amounts of energy onto the grid, the approval of these products should be much more expedient than other export-based systems. Additionally, the Decision and Order creating the CSS tariff and interconnection process explicitly states that interconnection of CSS systems should be expedited:

“The commission observes that unless a self-supply system receives expedited interconnection approval, there may be a diminished incentive to provide such grid-supportive benefits to the system. Thus, after review of the record, and as discussed further below, the commission approves revisions to Rule 14H proposed by the HECO Companies to bypass certain steps in the interconnection review process for self-supply systems that meet the required technical standards.”<sup>2</sup>

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<sup>1</sup> [http://www.hsea.org/blog/HSEA\\_Blog/post/hsea-january-monthly-report/](http://www.hsea.org/blog/HSEA_Blog/post/hsea-january-monthly-report/)

<sup>2</sup> Hawaii PUC Decision and Order No. 33258, Section (d)(2) pp. 96



## **Hawaii Solar Energy Association**

*Serving Hawaii Since 1977*

Although the HEI companies may have made some effort to allow this to happen, and other bottlenecks exist outside of the influence of the utility companies, HB 792 would allow a clear and direct path to interconnection of CSS systems. It is also clearly in line with the state's energy policy goals and the PUC's intention to expedite the interconnection of these types of systems.

In short, HB 792 stimulates the market to allow for greater numbers of interconnected energy storage systems on the grid, helps create local jobs by providing more business, and alleviates customers from excessive electric bills while helping stabilize the grid.

We urge the committee to pass HB 792.

Thank you for the opportunity to provide these comments.



TESTIMONY BEFORE THE HOUSE COMMITTEE ON  
ENERGY AND ENVIRONMENTAL PROTECTION

H.B. No. 792

Relating to Electricity Generation

Tuesday, February 7, 2017

9:30 a.m.

Conference Room 325

Ian Morikawa

Director, Distributed Energy Resources Programs  
Hawaiian Electric Company, Inc.

**LATE**

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

My name is Ian Morikawa and I am testifying on behalf of Hawaiian Electric Company and its subsidiary utilities Maui Electric Company and Hawai'i Electric Light Company ("Companies") **in opposition to** H.B. 792. The Companies oppose this bill for several reasons.

First, there is already an on-going proceeding at the Public Utilities Commission (PUC) – the Distributed Energy Resources ("DER") Docket No. 2014-0192 – that is in the process of evaluating the technical, economic and policy issues associated with interconnecting various forms of distributed energy resources, including customer self-supply systems. This bill duplicates and in some respects conflicts with the work currently being conducted in the DER docket.

Second, this bill focuses narrowly on the interconnection of one type of rooftop solar system, i.e. self-supply systems. This bill would defeat and bypass the PUC's intent in ensuring that a comprehensive technical and economic review of all system types, including self-supply systems, is conducted in the DER docket.

Third, this bill is unnecessary because the PUC already has the authority to develop interconnection standards under the PUC's existing statutory authority, i.e. HRS Chapter 269. Act 166 (codified as Hawai'i Revised Statutes Chapter 269, Part IX - *Electric Reliability*) was passed on June 27, 2012 to authorize the PUC to, among other things, (1) Develop, adopt, monitor, and enforce electric reliability standards and interconnection requirements; and (2) Establish procedures for interconnection on the Hawaii electric system.

Finally, this bill requires clarification as it is also vague and ambiguous to the extent that the bill requires the Commission to develop standards to expedite the interconnection of “certain customer self-supply facilities” but does not specify what those “certain” types of self-supply facilities are.

Accordingly, the Hawaiian Electric Companies oppose H.B. 792.

Thank you for this opportunity to testify.

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Friday, February 3, 2017 3:57 PM  
**To:** EEPtestimony  
**Cc:** mendezj@hawaii.edu  
**Subject:** \*Submitted testimony for HB792 on Feb 7, 2017 09:30AM\*

**HB792**

Submitted on: 2/3/2017

Testimony for EEP on Feb 7, 2017 09:30AM in Conference Room 325

| <b>Submitted By</b>   | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|-----------------------|---------------------|---------------------------|---------------------------|
| 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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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, February 7, 2017 10:58 PM  
**To:** EEPtestimony  
**Cc:** tika\_bean@hotmail.com  
**Subject:** Submitted testimony for HB792 on Feb 7, 2017 09:30AM

**HB792**

Submitted on: 2/7/2017

Testimony for EEP on Feb 7, 2017 09:30AM in Conference Room 325

| <b>Submitted By</b> | <b>Organization</b> | <b>Testifier Position</b> | <b>Present at Hearing</b> |
|---------------------|---------------------|---------------------------|---------------------------|
| Erica Scott         | Individual          | Support                   | No                        |

Comments: Aloha, my name is Erica Scott and I am a Makiki resident and I strongly support this bill.

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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