



SanHi

GOVERNMENT STRATEGIES
A LIMITED LIABILITY LAW PARTNERSHIP

DATE: February 28, 2019

TO: Representative Sylvia Luke
Chair, Committee on Finance

Submitted Via Capitol Website

FR: Luis P. Salaveria

RE: **HB 452, H.D. 1 – Relating to Preferential Electricity Rates for Protected Agriculture**
Hearing Date: Thursday, February 28, 2019 at 2:05 p.m.
Conference Room: 308

Dear Chair Luke and Members of the Committee on Finance:

We submit this testimony **in support of HB 452, H.D. 1 – Relating to Preferential Electricity Rates for Protected Agriculture** that would authorize the Public Utilities Commission to establish preferential electricity rates for agricultural activities that utilize protected agriculture to produce fruits or vegetables for distribution.

Hawaii's goal to increase local food production would be significantly boosted by the increased use of protected agriculture. Modern agriculture practices are moving towards protected and controlled growing environments. This method of agriculture allows for higher crop yields, more efficient and effective operations, smaller land requirements, less need for pesticides, lower utilization of water, and less impact on the environment. This method becomes significantly important when factoring in climate and weather changes due to global warming.

In addition, Hawaii continues to import most of its food requirements. Support for protected agriculture would allow for a significant increase in local food production and help reduce the state's reliance on imports. This will result in lower food costs, longer shelf life, and increased jobs for Hawaii's residents.

This bill would allow for any farmer to make a request to the Public Utilities Commission for preferential rates on electricity if that farmer is engaged in protected agriculture. The State currently provides for preferential water rates for agricultural activities (HRS 269-26.5), and this measure would provide another level of financial support for the agricultural community.

Thank you for the opportunity to provide testimony on this measure.

**TESTIMONY BEFORE THE HOUSE COMMITTEE ON
FINANCE**

H.B. No. 452, HD1

Relating to Preferential Electricity Rates for Protected Agriculture

Thursday, February 28, 2019
2:05 p.m., Agenda Item #4
State Capitol, Conference Room 308

Kevin M. Katsura
Director, Regulatory Non-Rate Proceedings
Hawaiian Electric Company, Inc.

Chair Luke, Vice Chair Cullen 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 Hawaiian Electric Companies support the intent of this bill, and offer comments for consideration.

The Companies support the need for Hawaii to become more sustainable through local agriculture in a way that benefits all Hawaii residents. Preferential electric rates, however, have the potential to create subsidies that other customers may pay for. Such subsidies may be minimized if other tools, such as tax credits or time based economic development rates were also included in the evaluation of this cause.

The Hawaii Public Utilities Commission already has the authority to consider other mechanisms such as time of use rates, renewable-only rates and green tariff rates that encourage energy use that benefits the grid and customers as a whole. Finding ways to use renewable energy as a solution also helps the State achieve 100% clean energy.

Finally, we note that the definition of “protected agriculture” is somewhat vague and could include a wide range of agricultural activities. As an example, one might read this to include agricultural operations done under a simple shade screen, all the way up to agriculture done in advanced greenhouses. If this bill advances, we suggest that further clarity be provided to aid the utility in determining what constitutes a bonafide request for a preferential energy rate for protected agriculture.

Thank you for this opportunity to testify.

HB-452-HD-1

Submitted on: 2/28/2019 2:35:11 PM

Testimony for FIN on 2/28/2019 2:05:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
J Ashman	Individual	Comments	No

Comments:

I have worked with Hawaii farmers and ranchers for nearly 30 years. I support the apparent intent of this bill but believe that all farmers or ranchers who use legal methods of agricultural production should benefit from legislation to reduce the cost of the energy they need. Thank you.