

HB-1290

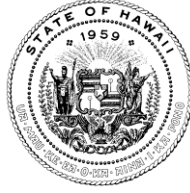
Submitted on: 2/5/2021 12:51:08 PM

Testimony for EEP on 2/9/2021 9:00:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Ruta Jordans | Individual | Support | No |

Comments:

Certainly electricity produced by agencies should be shared among agencies. Please support.



DAVID Y. IGE
GOVERNOR

JOSH GREEN
LT. GOVERNOR

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DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

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Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Energy & Environmental Protection
Tuesday, February 9, 2021
9:00 a.m.
Via Videoconference**

**On the following measure:
H.B. 1290, RELATING TO ENERGY**

Chair Lowen and Members of the Committee:

My name is Dean Nishina, and I am the Executive Director of the Department of Commerce and Consumer Affairs' (Department) Division of Consumer Advocacy. The Department appreciates the intent of and offers comments on this bill.

The purpose of this bill is to authorize government agencies to wheel electricity that is produced by their own facilities from renewable energy sources to another agency's facilities, subject to disallowance and rules adopted by the Public Utilities Commission (Commission).

The Department appreciates the bill's intent to not only support the State's ability to install renewable energy facilities, but also to facilitate the sharing of renewable energy facility benefits among different state agencies. The issue of intragovernmental wheeling has been evaluated before, including in the Commission's Docket No. 2007-0176. At the time of Docket No. 2007-0176, the State's options to support renewable energy projects were limited, and standing up an intragovernmental wheeling program might have required considerable resources. Since that time, other options have

become available. For example, in Docket No. 2020-0204, the Commission is evaluating a pilot that will explore the University of Hawaii's ability to receive the benefits of a remotely sited renewable energy project, which is akin to the benefits realized under a wheeling program.

The Commission is also considering the issue of wheeling in Docket No. 2018-0163. In that docket, the scope of investigating a microgrid services tariff has expanded to include microgrids that may serve customers who are not on contiguous premises; this would essentially require a form of wheeling.

In addition, aspects of wheeling have been discussed as part of other dockets, such as Docket No. 2019-0323. Through these dockets, appropriate wheeling tariffs can be developed to: (1) enable users to wheel energy from one site to another in a manner that does not adversely affect other customers or the grid; and (2) fairly compensate the utility for using their transmission and distribution facilities to enable wheeling, so that other customers do not have to unfairly subsidize wheeling activities.

In view of the foregoing, the Department respectfully requests that the Committee consider the work the Commission has already initiated and allow the Commission to carefully complete its above dockets to enable wheeling for all customers.

Thank you for the opportunity to testify on this bill.



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COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Rep. Nicole E. Lowen, Chair

Rep. Lisa Marten, Vice Chair

DATE: Tuesday, February 9, 2021

TIME: 9:00 am

HB 1290 Wheeling

Comments

Aloha Chair Lowen, Vice Chair Marten, 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 51 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.

Life of the Land was a proponent of wheeling for well over a decade.

We changed our position.

The Hawai`i Public Utilities Commission is aggressively pushing efforts to lower customer bills, increase utility efficiency, address interconnection processes, explore resilience, and meet Hawai`i renewable energy and climate change goals.

Opening a wheeling proceeding at this time would involve a complex process involving a dozen parties that might distract the Commission from its other crucial work. Wheeling might be nice, but it is not necessary to achieve the low-climate-impact renewable transition currently underway.

Wheeling would be simpler to implement on grids with a few large, centralized generators. Wheeling grows in complexity with the phenomenal growth in rooftop solar.

Background

In October 2003, the Hawai'i Public Utilities Commission instituted a proceeding to examine the potential benefits and impacts of distributed generation on Hawaii's electric distribution systems and market. One of the issues raised in the Distributed Generation Docket was the concept of intra-governmental wheeling. However, due to the nature of the docket, the commission was unable to fully address the issues relevant to intra-governmental wheeling during that docket.

On April 30, 2004, the Legislature adopted Senate Concurrent Resolution No. 180. Among other things, S.C.R. No. 180 recognized the State's dependence on imported oil to meet its energy needs and the necessity for the State to emphasize renewable energy production programs. The Legislature requested that the commission explore ways to implement intra-governmental wheeling to facilitate government wheeling of electricity, and other regulatory measures to support the development of renewable energy systems by federal, state, and county agencies.

Wheeling is defined as "the process of transmitting electric power from a seller's point of generation across a third-party-owned transmission and distribution system to the seller's retail customer." The Legislature found that the production of renewable energy could be encouraged if government agencies, as sellers of renewable energy, are allowed to transmit electricity to other governmental facilities over existing transmission lines of an electric public utility, i.e., intra-governmental wheeling.

According to S.C.R. No. 180, government agencies can include any federal, state, or county department, commission, board, bureau, office or other government establishment, or any quasi-public institution that is supported in whole or in part by government funds establishment, or any quasi-public institution that is supported in whole or in part by government funds.

In addition, by letter to the commission dated December 21, 2006, the State of Hawaii Department of Business, Economic Development and Tourism (DBEDT) requested information from the commission on ways to facilitate the purchase of renewable energy by State agencies. According to DBEDT, as a major user of electricity, the State should "lead by example" in the use of electricity and by purchasing electricity from renewable sources. Specifically, the State and other government agencies such as the counties, could acquire renewable energy by purchasing it from a renewable energy project developer, which would then be transmitted across utility lines owned and maintained by an existing electric utility, to the government agency or another government agency. As such, DBEDT requested information from the commission as to how proceed with these types of projects, including whether there would be a cost associated with transmitting electricity and whether the State is exempt from utility regulation associated with these types of projects.

The public utilities commission opened docket number 2007-0176 to address intragovernmental wheeling.

The public utilities commission determined the parties and granted intermission to all who sought to participate. The entities were the U.S. Department of Defense, Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., Maui Electric Company, Limited, Kauai Island Utility Cooperative, Department of Business, Economic Development, and Tourism, Division of Consumer Advocacy, City and

County of Honolulu, County of Hawaii, County of Maui, Hawaii Renewable Energy Alliance, Lanai Sustainability Research, LLC, Life of the Land, Puna Geothermal Venture, Castle & Cooke Resorts, LLC, and Realgreen Power, L.L.C.

DBEDT requested on November 12, 2008 that the commission temporarily suspend the wheeling proceeding for a period of twelve months for the purpose of conserving limited resources while reviewing the necessity of this proceeding in light of the numerous commitments made in the October 2008 Energy Agreement, particularly with respect to feed-in tariffs and decoupling. Sun Edison, Hawaii Renewable Energy Alliance, Life of the Land, Puna Geothermal Venture, and RealGreen Power objected while the County of Maui, Castle and Cooke Resorts/ Lanai Sustainability Research, and Kauai Island Utility Cooperative did not object.

The public utilities commission concurred with DBEDT, suspending the proceeding for one year on December 8, 2008 and for another year on December 3, 2009. The Commission reinstated the docket on November 12, 2010, “based on the continued level of interest in intra-governmental wheeling as an available mechanism to further the development of renewable energy resources, the commission declines to terminate this proceeding at this time.” The public utilities commission also agreed with other parties that the actual steps in the proceeding should be deferred until the Feed-In Tariff was established, the Reliability Standards Working Group and Technical Support Group finished their work, and the Reliability Standards Working Group effort was completed.

The Public Utilities Commission prioritized dockets including distributed energy resources, power system planning, community-based renewable energy, the demand response portfolio, performance-based regulation, review of power purchase agreements, and other critical initiatives to continue progress towards the State’s renewable energy and greenhouse gas laws.

The Public Utilities Commission opened investigations on distributed energy resources (Docket Nos. 2014-0192 and 2019-0323), Community-Based Renewable Energy (Docket No. 2015-0389), Microgrid Tariffs (Docket No. 2018-0163), Integrated Grid Planning (Docket No. 2018-0165), and a Green Tariff (Docket No. 2020-0204) all of which did or are exploring interconnection policies, reliability standards, and planning criteria.

In particular, the Microgrid Tariffs is examining a third-party owned microgrid that utilizes some utility electric lines. The Community-Based Renewable Energy and Green Tariff proceedings deal with issues that resemble wheeling.

Mahalo

Henry Curtis
Executive Director

TESTIMONY OF
JAMES P. GRIFFIN, Ph.D.
CHAIR, PUBLIC UTILITIES COMMISSION
STATE OF HAWAII

TO THE
HOUSE COMMITTEE ON
ENERGY & ENVIRONMENTAL PROTECTION

February 9, 2021
9:00 a.m.

Chair Lowen and Members of the Committee:

MEASURE: H.B. No. 1290

TITLE: RELATING TO ENERGY.

DESCRIPTION: Authorizes government agencies to wheel electricity that is produced by their own facilities from renewable energy sources to another agency's facilities, subject to disallowance by the public utilities commission.

POSITION:

The Public Utilities Commission ("Commission") offers the following comments for consideration.

COMMENTS:

The Commission supports this measure's intent to encourage the production of clean energy and reduce Hawaii's dependence on fossil fuels. The Commission also appreciates the language that allows the Commission to disallow wheeling projects in cases where the projects would be detrimental to an electric company or the public interest.

If this measure is to move forward, the Commission recommends that the Committee amend the language on page 3, lines 19-20, to allow the Commission to implement the provisions of this measure either through the adoption of rules or by Commission order.

Thank you for the opportunity to testify on this measure.



**Hawaiian
Electric**

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

H.B. 1290

Relating to Energy

Tuesday, February 9, 2021

9:00 am; Agenda Item #2

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

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

My name is Kevin Katsura and I am testifying on behalf of Hawaiian Electric Company **in opposition** to H.B. 1290.

Generally, wheeling would allow our largest customers to strike their own deals with independent power producers, and use the utility electric system, which is paid for by all customers and meant to serve all customers, for their own purposes. This is unfair to the broader public without appropriate protections and fees charged to the wheeling parties. In addition, this may delay our ability to achieve the State's 100% renewable energy future. In order for the State to attain its ambitious 100% RPS with equity, i.e., not burdening those customers who can least afford to find alternative forms of energy, ALL customers and customer groups should work together rather than pursue mechanisms to gain special advantages over others.

Intra-governmental wheeling must address the critical issues that wheeling raises. Some of these critical issues are: (1) Considering the financial costs and impacts of intra-governmental wheeling on non-wheeling customers of a utility, including other governmental customers; (2) Identifying what impact intragovernmental wheeling will have on existing independent power producers already providing energy under

contract to Hawaii's electric utilities, who might see their ability to produce energy curtailed; (3) Identifying any power back-up issues; (4) Addressing how rates for intra-governmental wheeling would be set; and (5) Identifying the costs to the utilities of implementing intra-governmental wheeling.

The Commission recently established Performance Based Regulation (PBR) – a new regulatory framework. Hawaiian Electric and other stakeholder parties recently completed a two-year process which took thousands of hours of work, including working group meetings, extensive filings, position statements and proposals, as well as formal hearings. This was an open process where all stakeholders could participate, and which balanced all the competing interests and issues. Indeed, this process is still ongoing as working groups continue to refine and finalize details of performance incentive mechanisms and tariffs. We should give this process time to work without introducing major policy changes that would require the stakeholders to revisit the PBR framework before it even starts.

In Hawai'i, there's no extension cord to the mainland. Unlike California and many other places we're compared to, we can't plug into the mainland grid, either to buy or sell electricity to neighboring utilities and for reliability. The loss of large customers will impair the sustainability of fair cost allocations to all customers which will impair economic development and the attainment of our state renewable policies and goals. We must address the State's energy future as a whole and not with techniques that sound reasonable as stand-alone concepts, especially those used in larger grids in the mainland with large manufacturing and commercial loads. We can all reach Hawaii's renewable future if we are all in it together.

Accordingly, Hawaiian Electric opposes H.B. 1290. Thank you for this opportunity to testify.

LATE



Environmental Caucus of The Democratic Party of Hawai'i

Tuesday, February 9, 2021, 9:00 am

House Committee on Energy and Environmental Protection

HOUSE BILL 1290 – RELATING TO ENERGY: Wheeling

Position: Supporting the Intent, with a Suggestion

Me ke Aloha, Chair Nicole Lowen, Vice-Chair Lisa Marten, and Members of the Committee on Energy and Environmental Protection:

The Environmental Caucus of the Democratic Party, through its Committee on Energy and Climate Action, supports the intent of HB1290. The purpose of the bill is to authorize government agencies to wheel electricity that is produced by their own facilities from renewable energy sources, subject to disallowance by the public utilities commission.

The future of Hawaii energy self-reliance and resilience lies in the facilitation of wheeling between any number of entities that generate renewable energy, not merely governmental ones. While the Public Utilities Commission has begun a process of streamlining procedures, expanding the range of interconnection options, and drawing the energy generating community closer to a true public utility rather than a hodge-podge of private corporations that generate or transmit energy, the energy grid is still bound to corporate prerogatives and incentives that may clash with the public interest. It seems wasteful of constructive energies for the Public Utilities Commission to be spending its time mediating between the public trust and corporate interests, when the public interest is increasingly paramount. The public interest should take the lead in planning and implementing the State's goals without private profits.

With climate change advancing more speedily, its devastating destruction and costliness will be steadily increasing in the coming years, with any single catastrophic event potentially bringing the economy to its knees.

It is thus imperative that the transition to a more robust, redundant, and resilient public utility be accelerated in the most deliberate and thoughtful way. There needs to be a growing number of independent grids, especially in more rural areas, a variety of generating sources linked for redundancy, and these need to be linked in a non-profit configuration to assure that benefits accrue to the general public rather than to private offshore accounts.

It's not clear that feasibility needs examination, but rather that we need a strategic path to goals that are shifting even as speak (plainly, the goal of zero emissions or weaning off fossil fuels by 2045 is far too late). The Environmental Caucus proposes that a slightly different strategy be explored – an *implementation board* charged with finding that strategic path toward greater administrative simplicity

and efficiency, coordinating a transition to a tighter network of public interest concerns that can expedite alternative/renewable energy systems and their interconnection.

Mahalo for the opportunity to address this issue.

/S/ Charley Ice, Co-Chair, Energy and Climate Action Committee, Environmental Caucus of the Democratic Party

LATE

HB-1290

Submitted on: 2/8/2021 3:27:42 PM

Testimony for EEP on 2/9/2021 9:00:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|---------------------|---------------------|---------------------------|---------------------------|
| Tom Wallace | Individual | Support | No |

Comments:

There is an odd feature in Homeowners' rights concerning home-generated solar energy. Under the first round of solar panel contracts, energy is sold and bought by the homeowner for the same rate. If the home-owner adds additional solar panels the contract is null and void and replaced by the new, less advantageous contract. This means that home-owners that WANT to add solar panels can not. At the risk of sounding crass, it is really stupid to offer a disincentive to home-owners to install additional solar. Adding additional solar is better for everyone since we import less oil and achieve our goal of energy independence.

Please add to this bill that home-owners may add additional solars without impacting their contracts.

Thank you!

Tom Wallace

Hawaii Kai