

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

TO THE
HOUSE COMMITTEE ON
FINANCE

February 25, 2021
11:00 a.m.

Chair Luke and Members of the Committee:

MEASURE: H.B. No. 561 HD2

TITLE: RELATING TO ENERGY.

DESCRIPTION: Requires the public utilities commission to determine whether analysis of the effect of the State's reliance on fossil fuels is necessary for proceedings involving water, wastewater, or telecommunications providers on an individual basis. Provides that the analysis is not required for an electric or a gas utility's routine system replacements or determinations that do not pertain to capital improvements or operations. Effective 7/1/2050. (HD2)

POSITION:

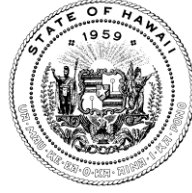
The Public Utilities Commission ("Commission") supports this measure and offers the following comments for consideration.

COMMENTS:

The Commission is supportive of this measure's intent to provide greater clarity and flexibility to the Commission with regard to the applicability of these provisions to different industries and types of requests made by public utilities.

The changes proposed in this measure would eliminate the requirement for the Commission to conduct certain analyses when these analyses are not relevant to the decisions at hand. This would allow the Commission to utilize its resources more efficiently, without compromising the statutory intent.

Thank you for the opportunity to testify on this measure.



DAVID Y. IGE
GOVERNOR

JOSH GREEN
LT. GOVERNOR

**STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

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CATHERINE P. AWAKUNI COLÓN
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Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Finance
Thursday, February 25, 2021
11:00 a.m.
Via Videoconference**

**On the following measure:
H.B. 561, H.D. 2, RELATING TO ENERGY**

Chair Luke 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 supports this bill.

The purposes of this bill are to: (1) require the Public Utilities Commission (Commission) to determine whether analysis of the effect of the State's reliance on fossil fuels is necessary for proceedings involving water, wastewater, or telecommunications providers on an individual basis; and (2) provide that the analysis is not required for an electric or a gas utility's routine system replacements or determinations that do not directly pertain to capital improvements or operations, such as financing requests.

The Department recognizes the negative impact that price volatility of fossil fuels has on consumers and the negative impact of greenhouse gas emissions from fossil fuel use on our environment. Thus, examining the impacts of fossil fuel use by utilities, including water and wastewater utilities and telecommunications providers, is

necessary, and this analysis could be extended to water carriers that the Commission regulates under Hawaii Revised Statutes chapter 271G.

The Department appreciates how subsection (c) on page 2, lines 11 through 15, clarifies that the Commission is not required to conduct greenhouse gas analyses in applications related to utility operations, such as financing or routine matters. However, the Department suggests amending subsection (c) to read: “The analysis described in subsection (b) shall not be required for ~~[an electric or a gas]~~ a utility’s routine system replacements, . . .” to make clear that the exemption also applies to water, wastewater, and telecommunications providers. This would improve administrative processes for the Commission, the Department, and all utilities when dealing with routine applications that do not require an analysis under HRS section 269-6.

Thank you for the opportunity to testify on this bill.



**Hawaiian
Electric**

**WRITTEN TESTIMONY BEFORE THE HOUSE
COMMITTEE ON FINANCE**

H.B. 561, H.D.2
Relating to Energy
Tuesday, February 25, 2021
11:00 am

Written Testimony Only
Kevin 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 submitting written testimony on behalf of Hawaiian Electric Company **in support** of H.B. 561, H.D.2.

Hawaiian Electric Company supports H.B. 561, H.D.2 because it will provide clarity to the types of proceedings before the PUC that require additional procedural steps, such as extensive greenhouse gas (GHG) analyses. Subsection (c) of H.B. 561, H.D.2 appropriately seeks to exclude from the scope of HRS § 269-6(b) “routine” system replacements or determinations that do not directly pertain to capital improvements or operations. To better clarify the meaning of “routine” in the utility industry, Hawaiian Electric suggests the following amendments (underlined) starting on page 2, line 11:

“(c) The analysis described in subsection (b) shall not be required for an electric or gas utility's routine system replacements, such as overhauls and overhead or underground line determinations, or determinations that do not directly pertain to capital improvements or operations, such as financing requests.”

Accordingly, Hawaiian Electric supports H.B. 561, H.D.2. Thank you for this opportunity to testify.



Testimony to the Committee on Finance

Thursday, February 25, 2021

11:00 AM

VIA Video Conference

Conference Room 308, Hawaii State Capitol

HB 561 HD 2

Chair Luke, Vice Chair Cullen, and members of the committee,

Hawaii Gas offers comments on HB 561 HD 2, which requires the public utilities commission to determine whether analysis of the effect of the State's reliance on fossil fuels is necessary for proceedings involving water, wastewater, or telecommunications providers on an individual basis. It also provides that the analysis is not required for an electric or gas utility's routine system replacements or determinations that do not directly pertain to capital improvements or operations.

We support the inclusion of part (c), that “the analysis described in subsection (b) shall not be required for an electric or gas utility’s routine system replacements, such as overhead line determinations, or determinations that do not directly pertain to capital improvements or operations, such as financing requests.”

We recommend that if codifying examples in statute, that a placeholder be provided at this time to allow more discussion with stakeholders. For example, language should be considered and added that makes GHG analysis applicable only during the prudency review, before capital expenses are made. Additionally, some capital improvement projects do not bear a rational relationship to GHG — such as a CIS replacement project — and should, therefore, be excluded from any GHG analysis.

The intent of both sections appears to be to provide the PUC discretion of applying or not applying this statute to certain matters therefore, providing clarity to the underlying intent and application of the discretion in matters consistent to the intent is requested. Hawaii Gas stands ready to take part in those discussions, which will ultimately affect ratepayers.

Thank you for the opportunity to testify.



Testimony to the Committee on Finance

Thursday, February 25, 2021

11:00 AM

VIA Video Conference

Conference Room 308, Hawaii State Capitol

HB 561 HD2

Chair Luke, Vice Chair Cullen, and members of the committee,

Hawaii Clean Power Alliance (HCPA) **offers comments on** HB 561 HD2, which requires the public utilities commission to determine whether analysis of the effect of the State's reliance on fossil fuels is necessary for proceedings involving water, wastewater, or telecommunications providers on an individual basis. Provides that the analysis is not required for an electric or gas utility's routine system replacements or determinations that do not directly pertain to capital improvements or operations.

The Hawaii Clean Power Alliance is a nonprofit association organized to advance the development and sustainability of clean energy in Hawaii. Our goal is to support the state's policy goal of 100 percent renewable energy by 2045. We advocate for utility-scale renewable energy, which is critical to meeting the state's clean energy and carbon reduction goals.

We offer these comments on HB 561.

HRS 269-6(b) was created by the legislature in 2011 and intended to reduce the State's reliance on fossil fuels through energy efficiency and increased renewable generation. This bill proposes to amend this statute and we support further discussion of this bill.

Thank you for the opportunity to testify.

Sincerely,

A handwritten signature in black ink, appearing to read "Frederick Redell".

Frederick Redell, PE

Executive Director

(949) 701-8249

www.hawaiicleanpoweralliance.org

