



DAVID Y. IGE  
GOVERNOR

JOSH GREEN  
LT. GOVERNOR

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

335 MERCHANT STREET, ROOM 310  
P.O. BOX 541  
HONOLULU, HAWAII 96809  
Phone Number: 586-2850  
Fax Number: 586-2856  
cca.hawaii.gov

CATHERINE P. AWAKUNI COLÓN  
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI  
DEPUTY DIRECTOR

**Testimony of the Department of Commerce and Consumer Affairs**

**Before the  
Senate Committee on Commerce and Consumer Protection  
and  
Senate Committee on Energy, Economic Development, and Tourism  
Thursday, March 25, 2021  
10:00 a.m.  
Via Videoconference**

**On the following measure:  
SCR 248, REQUESTING THAT THE PUBLIC UTILITIES COMMISSION DEVELOP  
AND ADOPT RELIABILITY STANDARDS AND INTERCONNECTION  
REQUIREMENTS TO FACILITATE THE TIMELY INTERCONNECTION  
OF UTILITY-SCALE RENEWABLE ENERGY PROJECTS.**

Chairs Baker and Wakai and Members of the Committees:

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 offers comments on this resolution.

The purpose of this resolution is to request that the Public Utilities Commission (Commission): (1) develop and adopt reliability standards and interconnection requirements to facilitate the timely interconnection of utility-scale renewable energy products; and (2) enter into a contract establishing the Hawaii Electricity Reliability Administrator (HERA).

The Consumer Advocate appreciates and shares the concern associated with unreasonable delays in interconnecting renewable energy projects that reduce

customer bills, and it upholds Hawaii's progress in complying with the renewable portfolio standards. Strict time limitations could, however, result in unintended consequences. Past interconnection agreements have taken time to complete for various reasons, such as the independent power producer requesting modifications after the initial review had started and disagreements over certain interconnection requirements, to name two examples. Interconnecting utility scale projects to the electric grid requires appropriate care to avoid reliability and service quality issues. Imposing time limits on the interconnection design and agreement between the utility and independent power producer could, for instance, result in: (1) the utility agreeing to interconnection terms that jeopardize system reliability so that the utility does not forfeit incentives or face penalties; or (2) the adoption of a standard interconnection agreement that would not be subject to modifications requested by the independent power producer, which might discourage developers from submitting proposed projects.

The Commission has already expedited its review process of both power purchase agreements and interconnection agreements. In fact, the Commission reviewed the phase 1 projects pursuant to very aggressive procedural schedules that taxed the Department's resources to prioritize review of these applications. The Department generally defers to the Commission on whether the proposed 180 days for action on power purchase agreements is reasonable, especially when those reviews must include a thorough analysis of greenhouse gases. However, the Department believes exceptions should be allowed to allow due consideration of customer and community concerns that may be raised with the renewable energy project or the interconnection facilities.

The Department also notes that requiring the start-up of HERA will require funds and may duplicate some of what the Commission already seeks to accomplish. The Department defers to the Commission regarding the impact that "standing-up" HERA at this time may have on its operations and available funds.

Thank you for the opportunity to testify on this resolution.

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

TO THE  
SENATE COMMITTEES ON  
COMMERCE AND CONSUMER PROTECTION  
AND  
ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

March 25, 2021  
10:00 a.m.

Chair Baker, Chair Wakai, and Members of the Committees:

**MEASURE:** S.C.R. 248

**TITLE:** REQUESTING THAT THE PUBLIC UTILITIES COMMISSION DEVELOP AND ADOPT RELIABILITY STANDARDS AND INTERCONNECTION REQUIREMENTS TO FACILITATE THE TIMELY INTERCONNECTION OF UTILITY-SCALE RENEWABLE ENERGY PROJECTS.

**POSITION:**

The Public Utilities Commission (“Commission”) supports this resolution and offers the following comments for consideration.

**COMMENTS:**

The Commission shares the concerns expressed in this measure regarding the delays to approved renewable energy projects and believes that mitigating these delays is essential in creating and upholding an electric system that serves the public interest. The Commission is willing to work with the Legislature to foster improvement in this area for the benefit of the public.

The Commission recognizes the importance of renewable energy projects and infrastructure in achieving the State’s energy goals and delivering benefits to customers, while mitigating risks to the public. Understanding the urgency of the matter, the Commission has taken numerous major steps, including but not limited to those

mentioned in this resolution, to prevent future delays and expedite interconnection timelines for renewable energy projects.

Through the efforts of stakeholders in the distributed energy resources (DER) docket (Docket No. 2019-0323), the Commission has reformed the utilities' interconnection process for small-scale systems, reducing interconnection timelines by up to 50%. In the Commission's final decision and order on Performance-Based Regulation (Docket No. 2018-0088), issued on December 23, 2020, the Commission established a performance incentive mechanism that will use penalties and incentives to encourage the timely interconnection of DER resources by electric utilities, as well as incentives to accelerate achievement of renewable portfolio standard (RPS) goals.

For reasons partly noted in this resolution, the Commission opened Docket No. 2021-0024 to comprehensively track the status of renewable projects, investigate interconnection delays, and review Hawaiian Electric's plans to transition away from fossil fuel power plants. On March 15, 2021, the Commission held a status conference with HECO, the Consumer Advocate, the Hawaii State Energy Office, and project developers. This status conference specifically targeted interconnection delays and aimed to solicit and develop solutions that would aid in accelerating project schedules. The Commission is hosting an additional status conference in April 2021 that will address circumstances specific to Maui. The Commission is investigating whether interconnection delays to renewable projects on Maui may jeopardize the timely retirement of the Kahului Power Plant and delay the benefits of the lowest-cost renewable project on Maui.

The Commission has acted on these delays as described above and in the resolution. The Commission will take further action as appropriate to fully address the situation. One of the planned near-term actions includes identifying the scope and cost of the Hawaii Electricity Reliability Administrator (HERA) under §269-142, Hawaii Revised Statutes (HRS), et seq. As a follow up to last week's status conference, the Commission will issue a Request for Information (RFI) to potential future contractors to gauge market response and cost for this entity.

Currently, the Commission does not intend to fund this administrator through a broad-based surcharge on all customers. The Commission expects to fund the program through a combination of an assessment on generators interconnecting to the grid and Hawaiian Electric. To the extent that the HERA program is required to duplicate utility functions that are already funded through electricity rates and provide additional layers of oversight, the

Commission will establish a funding structure that prevents customers from paying multiple times for the same services.

If this measure is to move forward, the Commission respectfully requests that the Legislature consider amending §269-146, HRS, through separate legislation, to ensure that the Commission has discretion in determining how the Hawaii electricity reliability surcharge should be assessed. This will reduce potential risks to ratepayers by ensuring that customers are not forced to bear the cost burden for the establishment of HERA.

The Commission understands the weight and urgency of this matter and has prioritized taking action to serve the public interest. The Commission is committed to creating a regulatory environment that fosters improvement in this area, while mitigating risks to the public and facilitating achievement of the State's energy goals.

Thank you for the opportunity to testify on this measure.



**Hawaiian  
Electric**

**TESTIMONY BEFORE THE SENATE COMMITTEES  
ON COMMERCE AND CONSUMER PROTECTION  
AND ENERGY, ECONOMIC DEVELOPMENT, AND  
TOURISM**

**SCR 248 / SR 207**

**REQUESTING THAT THE PUBLIC UTILITIES COMMISSION DEVELOP AND ADOPT  
RELIABILITY STANDARDS AND INTERCONNECTION REQUIREMENTS TO  
FACILITATE THE TIMELY INTERCONNECTION OF UTILITY-SCALE RENEWABLE  
ENERGY PROJECTS**

Thursday, March 25, 2021  
10:00 a.m., Agenda Item #1  
State Capitol, Conference Room 229 & Videoconference

Colton Ching  
Sr. Vice President, Planning & Technology  
Hawaiian Electric Company, Inc.

Chairs Baker and Wakai, Vice Chairs Chang and Misalucha, and Members of the Committee,

My name is Colton Ching and I am testifying on behalf of Hawaiian Electric Company, Inc. (“Hawaiian Electric” or the “Company”) respectfully in **opposition** to SCR 248 / SR 207, Requesting that the Public Utilities Commission Develop and Adopt Reliability Standards and Interconnection Requirements to Facilitate the Timely Interconnection of Utility-Scale Renewable Energy Projects.

While we understand the significance of the issues raised in SCR 248 / SR 207, Hawaiian Electric has concerns that the changes proposed by this resolution could add time and cost to the interconnection process. In relation to the discussion around the interconnection process, it is important for these committees to know that the Governor’s office recently convened a task force to address the retirement of the coal plant in 2022. The task force will include all stakeholders and members of the public,

including but not limited to the Public Utilities Commission (“PUC”), utilities, and developers. Per the Hawaii State Energy Office, the Governor recognizes the importance of these projects and the interplay with the retirement of the coal plant and the task force is “meant to increase transparency, coordination, collaboration and urgency to meet plant retirement timelines and needs.” Hawaiian Electric understands the deep economic and environmental importance of streamlining the interconnection process to accelerate renewable energy projects and is currently doing everything possible within its control to accelerate renewable energy in the State. In general, subsequent to selecting a developer’s proposed project and negotiating and signing a Power Purchase Agreement (“PPA”) following a Request for Proposal (“RFP”), there are several steps leading up to the filing of the Interconnection Requirements Amendment and request for PUC approval of an overhead line.

Hawaiian Electric has already taken steps toward improving this process, and improvements have been shown with the 2019-20 Stage 2 RFP projects in comparison to the Stage 1 projects in 2018. One of these improvements, providing developers with detailed documentation upfront so that they can develop and submit quality facility models, has shortened this process by five months for the Stage 2 projects. Hawaiian Electric is constantly working to find ways to further improve and speed up this process and is open to feedback from stakeholders. One such possibility the Company has considered is taking on the responsibility of the design, construction, and cost of interconnection. Another is the introduction in future RFPs of baseline costs for interconnection scenarios that can be used by developers to more accurately estimate and account for their project interconnection costs.

Timely completion and successful development of renewable projects is critically important to Hawaiian Electric for several reasons, including meeting the State’s

Renewable Portfolio Standards (“RPS”) requirements, reducing reliance on imported fossil fuels, stabilizing and reducing volatility of our customers’ bills, reducing greenhouse gas emissions, and assisting with post-pandemic economic recovery. However, we must all work together toward achieving the State’s RPS goals and implementing such change requires cooperation between many stakeholders, including Hawaiian Electric, developers, the community, government agencies, and regulators. The timely and successful interconnection of a project depends on all these stakeholders working together. The interconnection process must have the flexibility to adjust for changes due to permitting requirements, financing restrictions, community feedback and comments, and other impacts that could impact the fundamental design of an interconnection and change the scope and timing of the interconnection process.

While Hawaiian Electric is working hard to keep renewable energy projects on schedule and put them into service as quickly as possible, there are risks to setting rigid deadlines. A potential, unintended consequence of SCR 248 / SR 207 is that Hawaiian Electric would have to drop projects that do not meet deadlines so as not to potentially cause delays to other projects.

Developers can further help accelerate the process through various means including bidding firm projects with minimal changes and timely providing functional software models. However, some changes are good, such as developers making design modifications due to community feedback, but this can cause delays. Setting deadlines by statute could create a deterrent to implementing these desirable changes. For instance, in response to community feedback, a developer proposed a re-configuration of their project. The changes included moving the location of the interconnection facilities to optimize land use by decreasing the project’s total physical footprint and increasing the project’s distance from a visible roadway. While the



reconfiguration caused a delay in executing the Interconnection Requirements Amendment and filing the overhead line approval request, this reconfiguration will ultimately save a considerable amount of time in the engineering and design phase and permitting process, and potentially achieve an earlier Guaranteed Commercial Operations Date than would have been achieved with the prior configuration.

Given the importance of renewable development for the State, Hawaiian Electric recognizes the concern over timely project completion. However, the PUC already has broad supervisory statutory oversight over the utility and the ability to set timelines and penalties. There are overview mechanisms already in place, such as the recently instituted Performance Based Ratemaking (“PBR”) scorecards, which will be a mechanism for reporting various milestones throughout the interconnection process. Moreover, the performance incentive mechanism established in PBR for the adjusted calculation of RPS, called RPS-A, already substantially incentivizes Hawaiian Electric to have projects on-line sooner. Finally, the PUC has asked for, and Hawaiian Electric has provided, status updates on numerous occasions making a change of law unnecessary for the utility to provide updates.

Thank you for this opportunity to comment on SCR 248 / SR 207.



**Testimony to the Committees on  
Commerce and Consumer Protection and  
Energy, Economic Development, and Tourism**

**Thursday, March 25, 2021  
10:00 AM  
VIA Video Conference  
Conference Room 229, Hawaii State Capitol  
SCR 248 / SR 207**

Chairs Baker and Wakai, Vice Chairs Chang and Misalucha, and members of the committee,

Hawaii Clean Power Alliance (HCPA) **supports** SCR 248 / SH 207 requesting that the Public Utilities Commission develop and adopt reliability standards and interconnection requirements to facilitate the timely interconnection of utility-scale renewable energy projects.

The Hawaii Clean Power Alliance is a nonprofit alliance organized to advance and sustain the development 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 in support** of SCR 248 / SR 207.

Renewable energy independent power producers provide critical solutions to help the state meet the 100% RPS and carbon neutrality goals. To deliver these projects with speed and at the lowest price to ratepayers requires transparent costs and completion of critical milestones such as interconnection processes.

In addition, power supply and electric grid system reliability is essential to everyone in the state — utilities and consumers. The state's decision to retire the Oahu coal plant and the plan to retire the Kahului power plant was based on the reasonable expectation of timely completion of new replacement renewable generation. Significant delays of these new renewable projects due to interconnection issues have heightened concerns regarding the potential for outages or the increased use of fossil fuel diesel at a higher price to ratepayers.

Developers look to two markers to determine the viability of renewable projects: (1) timeliness of decision-making and execution by the regulatory and utility entities and (2) the costs of interconnection. In Hawaii, these costs remain unknown until well into project



development, after power purchase pricing has been committed to, creating uncertainty for the project's successful completion. When these costs become apparent long after the proposed price has been approved, it can make the project no longer financially viable, setting back renewable development and leaving the market wary of developing future Hawaii projects. Transparency and timeliness of interconnection helps to resolves these concerns.

Previously, the PUC created an independent observer to oversee the RFPs of renewable energy projects. By creating the standards for electric grid reliability and the independent administrator, Hawaii Electricity Reliability Administrator (HERA), to oversee electric grid reliability, a qualified, independent entity can address the interconnection process, timeliness, transparency, equity, and reliability.

The HERA surcharge does not need to create an additional cost to the state or ratepayers because the PUC is authorized by HRS§269-146 section (a) and (d) to determine who shall bear the costs of connecting to the grid. (a) *The commission may require, by rule or order, that all utilities, persons, businesses, or entities connecting to the Hawaii electric system, or any other user, owner, or operator of any electric element that is a part of an interconnection on the Hawaii electric system shall pay a surcharge that shall be collected by Hawaii's electric utilities.*

Additionally, section (d) also allows for the commission to make the choice whether or not to charge ratepayers. (d) *The commission may allow an electric utility to recover appropriate and reasonable costs under the Hawaii electricity reliability surcharge for any interconnection to the Hawaii electric system, including interconnection studies and other analysis associated with studying the impact or necessary infrastructure and operational requirements needed to reliably interconnect a generator, as well as from electric utility customers through a surcharge or assessment subject to review and approval by the commission under section 269-16.*

While we look forward to Governor's task force to provide assistance on speeding up projects, we ask the committee to pass these resolutions to help address these issues. Thank you for the opportunity to testify.

Sincerely,



Frederick Redell, PE  
Executive Director

(949) 701-8249

[www.hawaii-cleanpoweralliance.org](http://www.hawaii-cleanpoweralliance.org)



1100 Alakea St. Suite 3100 Honolulu, HI 96813



# Environmental Caucus of The Democratic Party of Hawai'i

---

Thursday, March 25, 2021, 10:00 am

Senate Committees on **Commerce and Consumer Protection** and **Energy, Economic Development, Tourism, and Technology**

Senate Concurrent Resolution 248/SR207 – ADOPTING RELIABILITY STANDARDS FOR INTERCONNECTING ENERGY PROJECTS

Testifying in Strong Support, with Amendment

Me ke Aloha Chairs Rosalyn Baker and Glenn Wakai, Vice Chairs Stanley Chang and Bennette Misalucha, and Committee Members:

The Environmental Caucus, through its Energy and Climate Action Committee, supports an aggressive transition from fossil fuels to renewables, and for this reason, strongly supports SCR248/SR207. The difficulty in making the transition from fossil fuels will come down to facilitating the interconnection of new renewable sources to replace fossil fuel dependence. As things stand now, firm power is a compelling priority, and we urgently need to build the alternative grid as soon as possible.

Our committee supports an amendment made in the earlier subject matter committee, to exempt emergency generators from its provisions.

Our single concern is that the target date for completing the phase-out is 2045, at which point this will all be moot: The latest (6<sup>th</sup>) UN/IPCC Synthesis Report (February 26, 2021) prepared for the November Paris Agreement meetings in Glasgow once again note that climate change is happening faster than earlier estimates predicted, and also note that the implementation of Paris pledges have accomplished merely 1% of the proposed 45% reductions fossil fuel emissions. These reports are recommending that our plans must be well underway by 2030 to escape the worst case scenarios.

The bill admittedly presents a serious challenge, given the difficulty of changing from sunk investments into somewhat uncharted territory. However, Kauai is on its way to becoming 80% fossil –fuel free in a few years, thanks to forward thinking and aggressive action. Forward-thinking experts have confidence that the way forward simply requires a boldness in embracing the changes we know are ultimately necessary with the same energy as defeating a visible enemy.

We are already into the climate change tipping points, accelerating unseen forces and producing a staggering level of extinctions, increasingly devastating and costly storms, droughts, wildfires, floods, and pandemics yet to come. SCR248/SR207 call for expeditious facilitation of this process, forcing Hawaii to get serious about meeting its goals. The Environmental Caucus of the Democratic Party appreciates the difficulty of energy industries to meet these goals, and even more deeply appreciates the imperative to do so. We salute the authors of this legislation and the sponsors pursuing its passage for having the courage to accept a frightening situation head-on.

Our wisest minds understand that intelligent and decisive action may still slow global warming, enable us to cope with a deteriorating standard of living and weather the worst of catastrophic effects. While it

is too late to avoid worse cases, creative and innovative solutions can still prevent the worst. The Legislature is moving well on the mitigative and adaptive measures to boost local food production in the likely event of interrupted supply chains which provide Hawaii with most of everything we consume. Many of us feel it is incumbent upon those of us who accept reality to not forfeit the next generation's opportunities and flexibility to preserve themselves – we need to get started or get out of the way.

SCR248/SR207 initiate plans that must be fully deployed this decade of the 2020s if we are not to lose control of our fate. We are two years into this situation, and Hawaii is still generating approximately 93% of its total energy needs with fossil fuels. Even when discounting our responsibility for jet fuel that serves our primary economic base – by far the largest single portion of Hawaii's total fossil fuel consumption -- Hawaii is still dependent on fossil fuels for generating 85% of its electricity. (These figures thanks to the State Energy Office, from 2018.)

Clearly there is a need to accelerate the investments in renewable fuels, which are widely reported to generate more well-paying jobs than those displaced. While government bonds are a costly way to generate these investments, far inferior to the functioning of a State bank, Hawaii is lacking the more productive and cheaper alternative. With State revenues down, private funds will be critically needed to step up to the challenge of saving our future.

The Environmental Caucus, with some 5,000 members, stands in whole-hearted support of SCR248/SR207. Mahalo for the opportunity to address this issue.

/s/ Charley Ice and Edward Bohlen, Co-Chairs, Energy-Climate Action Committee, Environmental Caucus of the Democratic Party of Hawaii.